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***15p

Je Reviens
The essence
of feminine
elegance
LES PARFUMS
WORTH

NEWS SUMMARY

GENERAL BUSINESS

Home rule support 'falling'

The Prime Minister will launch the Labour Party's devolution campaign in Scotland at a rally in Glasgow today, as a survey shows that support for the policy is waning.

An opinion poll in the Glasgow Herald says backing for a Scottish assembly has fallen to 45 per cent, compared with 52 per cent in January and 58 per cent last October.

A BBC survey shows that only 33 per cent of the Welsh will vote for devolution, and 45.8 per cent against. The proportion of the "undecided" is 21.2 per cent, a 7 per cent rise since last autumn. **Back Page**

US Jets for Sudan

The U.S. is to sell 12 F-5 jet fighters and 50 M-60 tanks to Sudan and 12 fighters to North Yemen. Defence Secretary Harold Brown said, following talks in Saudi Arabia. The Saudis will pay the cost.

Israel peace bid

Israel will send Foreign Minister Moshe Dayan to the renewed Camp David peace talks with Egypt, but says any agreement reached would need Cabinet approval. **Page 2**

Vietnam accused

Peking has accused Vietnam of killing more than 70 Chinese soldiers and civilians along the border in three weeks and "committing acts of sabotage despite warnings."

MP quits party

Mr. James Kilfeather, MP for North Down, is to resign from the Official Unionist Party in protest against Mr. Enoch Powell's influence on its leadership. **Page 4**

Jail emergency

Prison officers in Walton Jail, Liverpool, called off a work-to-rule after the governor imposed a state of emergency following clashes with prisoners.

Leadership gap

The death of senior Yugoslav politician Edvard Kardelj has left a gap in the country's leadership ranks and underlined problems of who should succeed the 88-year-old Marshal Tito. **Page 2**

Drinking bar

Foreigners in Pakistan could be sentenced to 30 lashes and three years in jail for drinking alcohol in public, according to new Presidential orders imposing Islamic law. **Page 2**

Briefly . . .

South Africa's former Rugby captain Dawie de Villiers will be his country's new ambassador to the UK. **Men and Matters, Page 12**

Labour MP Mrs. Barbara Castle will contest the Greater Manchester North seat in the European Elections on June 7.

Lord Kagan, who faces tax and currency offence charges, is due to appear in Granada TV interview recorded in Israel tonight.

A young British soldier from an armoured regiment has been stabbed to death in Herford, West Germany.

Top dog at Crufts was a Kerry Blue terrier called Callaghan, who was named Champion of Champions.

Thirteen ministers from India's largest state of Uttar Pradesh resigned after a row with the chief minister.

Exiled Somali's opposed to President Barre have formed a new resistance movement, according to Nairobi reports.

Pact 'no help to council workers'

● PUBLIC SERVICE workers' nationwide industrial action, entering its third week today, is unlikely to be solved by Wednesday's expected signing of a "concordat" between the Government and the TTC. Union leaders said that nothing in the code of practice on wage bargaining conduct could change the workers' aspirations. **Back Page**

UK MONEY SUPPLY

figures due on Thursday are expected to indicate an annual rate of increase well over the 8-12 per cent target range for growth. Page 4. Mr. Wynne Godley, director of the Department of Applied Economics at Cambridge, says this target will be difficult to achieve without restrictive fiscal and monetary policies in the light of the current pay pressure. **Page 4**

LEADERS OF 30,000

craftsmen in the British Steel Corporation will decide today whether to go ahead with a strike from next week which could halt the industry within a few days. **Back Page**

BRITISH NUCLEAR FUELS

has approved a \$90m investment in a gas centrifuge uranium enrichment plant at Capenhurst, Cheshire, which will create 200 permanent jobs. **Back Page**

BRISTOL CHANNEL

Ship-repairers, the C. H. Bailey subsidiary, has made a formal bid to take over Falmouth Ship-repairers, whose closure was announced by British Ship-builders last week. **Back Page**

POST OFFICE

is planning to invest up to £100m over the next five years in private-sector electronic information services. Plans include a national network of computer centres from which the public can obtain information using a modified television set linked to the telephone. **Page 4**

SUGAR production

at Tate and Lyle refineries will return to normal today after more than a month of stoppages and reduced output caused by disputes within the company's transport department. **Page 4**

NIGERIA and the UK

are likely to renegotiate a double tax agreement which was last year rejected from April following talks in Lagos last week. It seems that a new agreement could be ready for signing before, or soon after, the old one runs out. **Back Page**

UN ENVIRONMENT

programme has been awarded a new £2.2m budget to carry on the fight against pollution in the Mediterranean. Seventeen of the 18 countries bordering the Mediterranean voted for the money which will be used to measure pollution levels and to study protection of fish breeding grounds.

CIVIL ENGINEERING

industry hopes that this year's winter recession will be less severe than last year's, according to a survey by Sime, Darby Holdings, the Malaysian plantations company and overseas trader which has mounted a 425p per share bid for Guthrie. **Page 22 and Lex**

COMPANIES

● GUTHRIE CORPORATION'S revaluation of its assets at 620p a share was described as "indiscreet" by Sime, Darby Holdings, the Malaysian plantations company and overseas trader which has mounted a 425p per share bid for Guthrie. **Page 22 and Lex**

LLOYD'S LIFE ASSURANCE

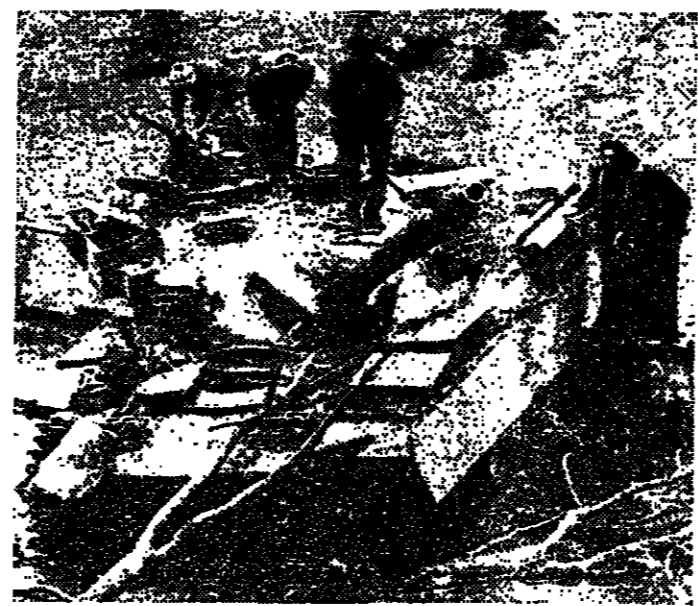
reports a successful year to September 30, 1978, with record sales of new life business. Premium income was 10 per cent up from £18.6m to £15.5m, investment income rising 30 per cent from £2.6m to £3.5m. **Page 22**

'Victory at hand', claims Ayatollah Khomeini

Iran Premier resigns as troops disengage

BY OUR FOREIGN STAFF

THE WAY for a complete takeover of Iran by the Ayatollah Khomeini's Islamic revolutionary movement seemed open last night. Army units had been ordered back to their barracks and Dr. Shapur Bakhtiar, the Prime Minister appointed by the Shah, had resigned after a weekend of unprecedented violence.



"Popular militia" inspect a wrecked Army tank in Tehran.

Tehran Radio reported rumours that Dr. Bakhtiar had committed suicide. There was no immediate confirmation of his fate, but the ring of confidence behind the Ayatollah's claim that "victory was at hand" sounded fully justified.

The Army's declaration of neutrality yesterday morning left Dr. Bakhtiar powerless in his attempt to maintain the "legitimate" Government of the Shah, who is in Morocco, against the popular resistance aroused by the religious leader.

The troops' withdrawal to their barracks followed nearly two days of fierce fighting, which, according to some reports, had degenerated into uncontrolled anarchy last night.

Even before Dr. Bakhtiar's resignation the Ayatollah's supporters triumphantly celebrated by firing guns, captured from troops or police, or by their own disarming into the air. Fighting continued round the Military Academy and the Bagh-e-Shah Barracks, where loyalist troops refused to succumb to the revolutionary tide.

On the streets there was chaos. Last night the vacuum left by the Army had not been filled by the Ayatollah's shadowy Islamic Revolutionary Council.

However, the Ayatollah addressed the people in a statement on television, which his followers control. He made a call for moderation and discipline.

The text read out by one of his aides said: "Now that victory is near, and that the Armed Forces have retreated and announced their lack of intervention in political affairs, and also announced their sup-

port of the nation, you should not burn their institutions.

"You brave and determined people should be careful about your affairs, and maintain your preparations for defence, even if the Armed Forces return to their bases, and keep calm and order."

"If some people want to set fires and make mischief and make misery, tell them of their religious duty.

"Make sure they do not attack foreign embassies and God forbid if the Army should return, for then it will be necessary to defend yourselves from them as best you can."

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"Make sure they do not attack foreign embassies and God forbid if the Army should return, for then it will be necessary to defend yourselves from them as best you can."

The crisis in Iran Page 2 ● Editorial comment and the effect on the world's economy Page 12

Reports of world oil crisis alarmist says energy chief

BY ROBERT MAUTHNER IN PARIS

REPORTS OF an impending world oil crisis are unduly alarmist and are causing unjustified panic, according to Dr. Ulf Lantzké, executive director of the 19-nation International Energy Agency.

Dr. Lantzké this weekend in Paris took issue with a reported statement by Royal Dutch-Shell last week that the cut in world oil supplies was as bad as that caused in 1973-74 by the Arab oil embargo.

Large cuts

The overall drop in supplies today was less than 4 per cent, compared with 8.3 per cent in 1973-74, he said. A distorted picture of the world market was given by the large cuts in supplies announced by individual companies such as British Petroleum and Royal Dutch-Shell, who were involved in Iranian production.

"We do not think that there is any cause for panic," Dr. Lantzké said. Oil supplies were assured for at least the first quarter of this year in spite of the loss of Iranian production.

Only last September, people were talking in terms of an oil glut in 1977 and 1978. "You cannot move from a glut to a crisis situation in such a short time."

If there was a glut, it must be assumed that additional possibilities existed for making up the loss.

The agency's figures show that stocks of crude and oil products in its member countries stand at 390m tonnes, marginally higher than the level assumed last January.

The stocks correspond to about 120 days' net imports and 70 days' consumption. In most member countries, stocks were still above the official level of 70 days' imports.

Before the end of the first quarter, stocks might have to be run down by a further 1m barrels a day, but that was by no means a disaster.

Dr. Lantzké pointed out that production in Saudi Arabia, which was contributing substantially to compensating for the suspension of Iranian oil supplies, was 9.5m barrels a day, 1m barrels a day more than last year's production levels.

Altogether, oil producers including Saudi Arabia were making up some 2m to 3m barrels a day of the 5m barrels-

heavy vote against the strike as support for the company's proposals.

The 7,000 workers at the Cowley body plant had rejected a strike because of the damage it would inflict upon the company. Mr. Buckle maintained that there was nevertheless deep resentment at the company's failure to pay parity, and that lasting damage had been done to industrial relations and morale.

A test of militancy at Longbridge might be provided in the attitude of pickets who used barbed wire to prevent access by construction workers to the factory site for the planned new small car.

Mr. Edwardes's strong line will make clear to the Longbridge leaders the obstacles they face in continuing the strike.

The company reports that stocks with distributors "have never been better." Mr. Eric Varley, the Industry Secretary, has also urged a return to work and said that BL Cars is in no position to survive a long break in production.

No concessions to Longbridge strikers, Edwardes declares

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MR MICHAEL EDWARDES, BL chairman, has delivered a warning that the 20,000 strikers at Longbridge, Birmingham, can expect no concessions.

In a letter to BL senior management he declared: "The issues involved are really too important for tactical concessions to be made merely to get people back to work in the short term."

"There is no doubt that it is management's job to manage and we cannot abdicate this responsibility. We are not prepared to pay for productivity not delivered any more than we were when this whole unfortunate affair started."

The Longbridge strike leaders will also come under pressure from shop stewards at other BL plants who meet in Coventry today to consider the overwhelming shop-floor rejection of a stoppage by the 100,000 manual workers.

That represents a serious rebuff to union leaders who had recommended a strike in protest at the company's refusal to award parity payments until they had been earned. Only six out of 33 plants supported

the strike call and voting was 2-to-1 against.

Today's meeting of stewards is expected to be stormy. Divisions have been exposed between plants and groups of workers.

Some union leaders see a risk of disintegration of the central negotiations seen by management as vital to reforming the company's industrial relations. Triumph, the best-paid plants, have always been cool towards the idea of parity, the same wage for the same job.

Shop stewards from Cowley, Oxford, one of the low-paid plants, are expected to press for a campaign to wind up the present national joint negotiation committee. Pressure for local negotiations is strong.

The company would oppose such moves. Mr. Edwardes emphasised in his letter that the company is not prepared to return to the jungle of plant bargaining on pay.

Urgent review of spending in Whitehall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN INTENSIVE REVIEW of public spending plans has started in Whitehall. Spending departments have been asked to examine the implications of pay settlements above the previous 5 per cent official guidelines and to suggest a list of possible spending cuts.

The inter-departmental exercise, master-minded by the Treasury, is being mounted with the utmost urgency. It follows the presentation by senior Ministers that the previous pay assumption are no longer valid.

The Cabinet has already conceded that in the case of local authorities, cash limits should be increased to allow for pay settlements of about 9 per cent. It is accepted in Whitehall that this means some adjustment will also be required in the cash limits for direct expenditure by central Government.

Officials have been asked to assess the possible impact of any higher pay settlements on living the cash limits and for the plans announced a month ago for a 2.1 per cent increase in the volume of expenditure in the financial year starting in April. In addition, officials are preparing a list of possible cuts in preparation for Budget discussions. Some cost increases may be met with cash from the programmes which are under-spend.

Last summer, as part of the usual PES review of expenditure cuts amounting to 2½ per cent of departmental programmes were worked out, and are thus likely to be revived in the latest review.

Moreover, the existing plans provide for a contingency reserve of £800m which has not so far been allocated and parts of it could be frozen.

The reports produced by this review will be submitted to other Ministers by Mr. Denis Healey, Chancellor of the Exchequer, as part of his attempt to convince the Cabinet of the need for either spending cuts or tax increases if he is to fulfil his borrowing or monetary commitments.

Factors

Meanwhile, the Bank of England and the Treasury will be watching closely to see whether the rise in the official Minimum Lending Rate last week succeeds in settling domestic money markets for the time being, as it appeared on Friday, and whether sterling remains stable.

These two factors together with the political position of the Government after the March 1 devolution referendum, will be the key influences on the timing of the Budget.

The position remains fluid, not least because of the difficulties which Mr. Healey is likely to face in persuading his Cabinet colleagues of the tough Budget which he and his official advisers in the Treasury and the Bank believe to be necessary.

The detailed Treasury forecasts of the development of the economy over the next 18 months will not be ready until the second half of this month, but preliminary figures already circulating suggest that on certain assumptions public sector borrowing in the next financial year could move up above £10bn unless action is taken.

Forecast

This is roughly in line with the warnings given by Mr. Healey in the Commons a fortnight ago and is believed to reflect the assumption that the rise in average earnings in the current round will be the same as a year ago, or just over 14 per cent.

The final borrowing forecast will depend on estimates of the relative rises in public and private sector pay. This in turn will reflect the extent to which cash limits on public spending are fixed below the actual level of public sector pay increases, which would indicate a back-door squeeze on the volume of expenditure. Decisions on cash limits will probably have to be taken within the next two or three weeks.

Even the preliminary estimates suggest that any package of tax increases and/or spending cuts will have to be substantial if Mr. Healey is to fulfil his repeated pledge of keeping public-sector borrowing below £8.5bn in 1978-1980.

The timing and balance of any further measures have still to be decided and have not been discussed by the Cabinet, which will have the final say. The preference in Whitehall up to now has been for waiting at least until the final Treasury forecasts are available and for the inflation prospects to become less uncertain.

The commercial banks will make their own response to the rise in MLR and in money market rates last week. Assuming that the markets remain reasonably stable, the clearing banks are expected to raise their base lending rates by 1½ points to 14 per cent, in line with MLR.

This would mean that top-quality customers would be paying at least 15 per cent for bank credit, and that other borrowers would face charges of 17 or 18 per cent. Announcements are expected today or tomorrow.

Lombard, Page 10

CONTENTS OF TODAY'S ISSUE

Overseas news	2	Technical page	6
World trade news	3	Arts page	11
UK news-general	4	Leader page	22
labour	4	UK companies	23
Management page	8	International companies	23
		Foreign exchanges	23

FEATURES

The world economy after	Jardine Matheson prizes	
Iran	its dead wood	24
The crisis in Zaire		21
Week in the courts	European bond prices	11-13-20

Appointments	26	Men and Matters	12	Base Lending Rates	23
Building Notes	7	Party Diary	24	ANNUAL STATEMENTS	
Businessman's Day	22	Share Information	30-31	Alcan Aluminium	23
Crossword	10	UK		Charter Tst. Agency	22
Entertainment Gde.	10	Sport	21	City Investing SA	22
Financial Diary	26	Today's Events	21	INTERIM STATEMENT	6
Finance	26	TV and Radio	10	Weather	12
Letters	21	Unit Trusts	27	Sentiment	3
World	20	World Econ. Ind.	3		
Lombard	10				

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The following Tombstone announcements were published in the Financial Times during January.

BONDS

Table of bond listings with columns for Issuer, Publication date, and details of the bond (e.g., Banque Extérieure d'Algérie, Sorrente, Private Investment Company).

LOANS

Table of loan listings with columns for Issuer, Publication date, and details of the loan (e.g., Singapore Airlines, Hidroeléctrica, España S.A.).

OTHERS

Table of other financial instruments and services with columns for Issuer, Publication date, and details (e.g., Petroleum Equipment, Tools Co., Smith Barney).

OVERSEAS NEWS

THE CRISIS IN IRAN

The Generals consider their options

BY SIMON HENDERSON IN TEHRAN AND OUR FOREIGN STAFF IN LONDON

IT IS PREMATURE to say whether the Iranian Imperial Armed Forces have acquiesced in the triumph of the popular revolution inspired by Ayatollah Ruhollah Khomeini.

be qualified. This is that the loyalty to the Peacock Throne of the Armed Forces whose commanders, some observers believe, have been taking orders from the Shah is unshakeable.

of the Imperial Guard, are probably hardliners. Close aides of Mr. Mehdi Bazargan, the premier designated by Ayatollah Khomeini, say that General Abdul Ali Badr, Commander of Army Ground Forces and a former leader of the Imperial Guard is another champion at the bit.

Current thinking of the military should only interfere directly in politics if the Tudeh Party, the new Communist Party of Iran and other left-wing elements looked like emerging as the victors of the revolution.

In discipline and dedication the Imperial Guard with an estimated strength of 12,000 men (about 4,000 of them in the Javanan Guard, known as the "Immortals") and the remainder making up the Ashkanari Brigade) are the Rangers. These elite forces could and, perhaps, would smash Tehran into submission but have not the manpower to suppress the country as a whole.

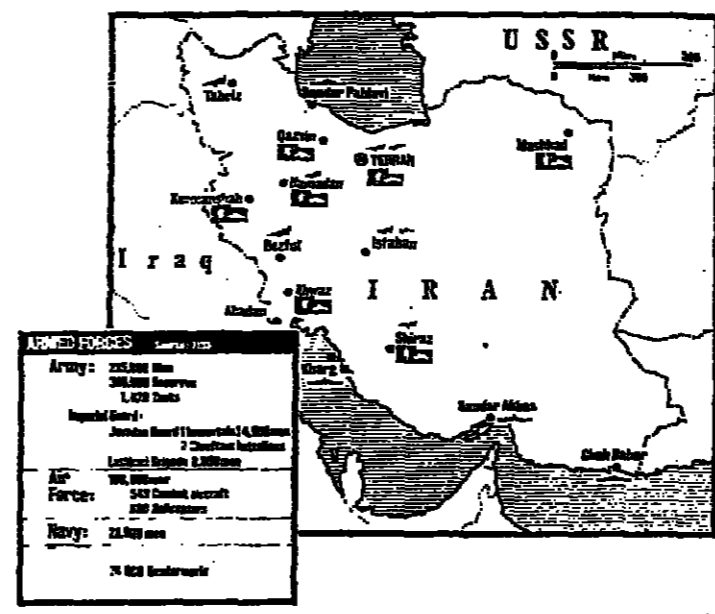
He split them-out as follows: ● The Imperial Armed Forces should refrain from interfering in political affairs... ● They should support the Constitution and the "lawful Government", while defending the country's integrity and independence... ● The military should safeguard its own "monolithic unity".

The contradictions between the first and second are clear. As he watches political events unfold, General Gharabaghi's immediate preoccupation may be to observe the third and avoid a civil war that could yet split the monarchy.

Iranian reports from Beirut: Prince Abdullah ben Abdul Aziz, commander of Saudi Arabia's National Guard of 25,000, is holding talks in Damascus amid speculation that a security link established between Saudi Arabia and Iraq may be extended to Syria.

A visit to Riyadh last week by Mr. Ibrahim Izal, the Iraqi Interior Minister, resulted in the signing of a co-operation agreement between the Iraqi and Saudi interior ministries. The accord is believed to provide for a wider measure of co-ordination in security matters in the region.

Princess Abdullah is the most senior Saudi official to visit Syria since Damascus announced its planned union with Iraq.



U.S. to take bigger role in Gulf

BY OUR JEDDAH CORRESPONDENT

MR. HAROLD BROWN, the U.S. Defense Secretary, has promised Saudi Arabia that the U.S. will take a greater role in Gulf security in view of the continuing disorder in Iran.

The officials also said they knew of no specific requests for supplies of new weapons but Mr. Brown's talks with Prince Sultan, the Defence Minister, and with Prince Badr, deputy commander of the National Guard, may have covered additions to current programmes.

The questions of Saudi financing for the supply of F-5 aircraft to Egypt, which was agreed at the time of the F-15 deal with Riyadh last year, and for military and technical assistance for North Yemen may also have been considered.

Mr. Brown's visit opens a week's tour of Middle East countries.

Cairo accuses Israel of renegeing

BY ROGER MATTHEWS IN CAIRO

RECrimination between Egypt and Israel worsened this weekend, just 10 days before the two sides are due to resume peace negotiations in the United States.

In his message to the UN, Dr. Boutros Ghali, Egypt's Acting Foreign Minister, accused Israel of "trying desperately to rid itself of the commitments it made within the framework of the Camp David agreements signed last September."

The Minister rejected proposals that Israel was said to be making for the powers to be given an autonomous Palestinian authority on the occupied West Bank of the Jordan and the Gaza Strip.

Death of Tito's 'successor'

BY PAUL LENDVAI IN VIENNA

THE DEATH at the weekend of Mr. Edvard Kardelj, the senior Yugoslav politician, has left a major gap in the country's political hierarchy and has underlined the problem of who should succeed Marshal Tito, Yugoslavia's 86-year-old leader.

Mr. Kardelj, a small bespectacled Slovene, and a close aide of Marshal Tito, was the only Yugoslav politician who could command nation-wide support. He was widely regarded as a possible successor to Tito during the transitional period before a new regime could be established.

His death at 69 also deprives Yugoslavia of the most powerful voice in favour of political liberalisation and free expression. It was Mr. Kardelj who in a major policy statement in 1977 spoke out for more freedom and less administrative interference from above. He was also believed to be the real architect of the country's complex "self-management" system of industrial organisation.

Zia moves nearer Islamic law

BY CHRIS SHERWELL IN ISLAMABAD

IN A SERIES of measures designed to bring the country's economy and law more in line with the tenets of Islam, Pakistan's military ruler, General Zia-ul-Haq, has ordered the introduction of two new taxes and a number of deterrent punishments for adultery, drinking, theft and libel.

The moves, timed to coincide with celebrations of the prophet Mohammed's birthday, were announced by General Zia in a speech on Saturday which was broadcast nationwide from the unused national assembly building here in the capital. An Islamic interest-free economy will be introduced in Pakistan gradually—he hoped over a period of three years, he said.

An Islamic tax on wealth, known as Zakat, however, will come into effect from the start of the next financial year in July. Another tax, a levy on land produce known as Ushr will start in October.

JOE ALEX MORRIS

A hunter who avoided the pack. JOE ALEX MORRIS, Jr. of the Los Angeles Times correspondent who was killed in the week-end fighting in Tehran at the week-end, was an exceptional journalist and an exceptional man.

Chirac plans to champion the interests of France

BY TERRY DODSWORTH IN PARIS. M. JACQUES CHIRAC, the French Gaullist Party leader, said at the weekend that France must be ready to face a rupture with its European partners if its own interests are at stake.

Travel fast asleep to Paris. Night Ferry. Sleeper Services. The Night Ferry Sleeper Service leaves London Victoria every night at 2125 hrs and arrives in PARIS before 0900 hrs next morning.

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WORLD TRADE NEWS

Japan 'weakens efforts to cut trade surplus'

BY DAVID BUCHAN IN WASHINGTON

JAPAN'S public commitment to scale down its current account surplus with its foreign partners, made under the previous Fukuda government, appears to have weakened, U.S. officials feel after their first high level economic talks last week with representatives from the new Premier, Mr. Masayoshi Ohira.

The talks were between Mr. Takeshi Yasukawa, who is in charge of Japanese external economic policy, and Mr. Michael Blumenthal, U.S. Treasury Secretary. The talks were not aimed at reaching firm agreements it was said because Mr. Ohira was too newly in the saddle.

But U.S. officials detected some backsliding they said in Japanese awareness that trade and current account deficits of the size that Japan is running, and looks likely to run for several years, are a threat to the international money system—particularly strains between the dollar and the yen—and to the liberal trading system. Calls in Congress for a surcharge or

fixed quotas on Japanese imports have increased.

Mr. Yasukawa is reported to have argued that Japan could go on running current account surpluses (on goods and services), provided this was offset by capital flows out of Japan. This is a tougher position than that taken by the Fukuda Government, U.S. officials say, and ignores the fact that the money flowing out of Japan is less in the form of long term investment and more in bank loans.

The official Japanese forecast for a current account surplus in the fiscal year starting this April is \$7.5bn. This is held here to be misleading because it includes some \$2bn of foreign goods and services which Japan is buying on a one for all basis out of the dollars its central bank has been piling up in currency intervention operations.

The real figure for the coming year will be \$10-13bn, U.S. officials believe, with little let-up in 1980 and 1981. There is however, U.S. officials point out,

plenty of time for the Japanese Government to change its tune before the seven-power economic summit which it is hosting in Tokyo in June.

Reuter adds from Washington: The U.S. Commerce Department has warned that "unjustified euphoria" over the prospect of U.S. trade with China could lead to mistaken decisions by government and business officials in this country.

The potential for trade with China is much less than many people believe, the Department said.

Predictions that China could import as much as \$200bn from Western nations by 1985 are unrealistic, primarily because China will lack the resources to pay for them, it added.

Even under the most favourable circumstances, it said the U.S. could expect to sell China \$12bn to \$15bn in goods in the 1978-83 period, or about 10 per cent of China's hard currency imports. China's imports from the West last year totalled \$8.5bn and it exported \$8.2bn.

UK firms in talks on \$2bn Cairo sewage plan

By Roger Matthews in Cairo

REPRESENTATIVES FROM a group of British companies have been in talks with senior officials on the up to \$2bn scheme to renovate and renew Cairo's failing sewage system.

The initial, top-priority plan, designed to remove the threat of more widespread sewage flooding and provide a limited amount of spare capacity, will cost about \$500m. Britain has already promised a grant of \$50m towards the work and the U.S. Agency for International Development has followed this with a pledge of another \$100m.

The loosely-knit British consortium of merchant bankers Samuel Montagu, the Midland Bank, GEC, Ames Crossa Babcock and Edmund Nutall, is keen to see work get under way as swiftly as possible. Consultants John Taylor and Sons and Binnie and Partners warned in their six-volume report officially presented to the Egyptian Government last autumn of the "potentially explosive" danger of epidemics breaking out in the capital unless urgent action was taken.

Taylor Binnie is expected shortly to form a joint venture company with U.S. consultants who have been selected as a result of the American participation in the scheme.

The Egyptian Government has already budgeted for the equivalent of \$300m in local currency which is the domestic component of the top-priority works. This leaves a further \$100m in foreign currency to be raised. It is anticipated that the banking expertise in the UK consortium will assist the Egyptian Government in raising these funds, probably within the Arab world.

A substantial flow of foreign orders is certain to come from the project

Motor sales provide major boost for French exports

BY TERRY DODSWORTH IN PARIS

FRANCE'S MOTOR industry demonstrated its importance to the country's foreign trade position once again last year by increasing overseas sales by 13.4 per cent to account for almost 14 per cent of total French exports.

The figures, produced by the Manufacturers' Association underline the industry's claim that it remains one of the "main supports" of France's external trade. Preliminary Government statistics show the country's exports reaching about Frs 555bn (\$85.5bn) last year with agricultural sales overseas coming close to the motor industry figure at around Frs 50bn.

Among the main points in the year's trading, which covers both vehicle and component companies, are:

- Exports rose to Frs 45bn (\$11.2bn), of which Frs 30bn worth were vehicles alone.
- Imports went up rather more slowly than exports, by 11.5 per cent to reach Frs 24bn.
- The favourable trading balance for the industry was about Frs 24bn, up by 15.3 per cent compared with the previous year.
- The automotive surplus compensated for about half of the country's oil bill, which reached Frs 54.1bn in 1978.

Comparisons since the beginning of this decade show that the favourable balance on trade has doubled in real terms during the last nine years. In constant francs, the balance reached Frs 6bn in 1970 to rise to Frs 12bn last year.

These results have been achieved by means of a much faster rate of growth than experienced over the full range of French manufacturing industry. Vehicle production has grown by an average of 8.1 per cent a year since 1970, against an average industrial growth rate of 3.9 per cent.

Brazilian industry beats target

BY DIANA SMITH IN RIO DE JANEIRO

BRAZIL'S VEHICLE industry exported 96,000 cbs or ckd's (completely built or completely knocked down units) in 1978, thus earning \$1.65bn in foreign revenue. This exceeds the industry's foreign sales forecast by \$400m.

This year the industry, led by Brazilian subsidiaries of Volkswagen, Ford, General Motors, Fiat and Mercedes-Benz (cars or bus chassis, not cars), expects to sell 110,000 units abroad, with a 25 to 30 per cent rise in foreign earnings.

Increased foreign sales will help to absorb the impact of the Brazilian Government's new determination to discourage petrol consumption and purchase of cars. This was put into effect by a 15 per cent increase in the price of petrol last week, and a reduction in the number of hire purchase instalments allowed.

Buyers of used or new cars on hire purchase must now make payments in 18, not 24 monthly instalments. This means an average increase of 25 per cent in the cost of a monthly instalment. The new reduction follows the 1977 cut in the number of instalments from 36 to 24, which caused a serious drop in car sales that year.

The industry recovered in 1978, however, with over 18 per cent growth and, for the first time in Brazilian history, achieved an output of over 1m cars in just under a year. It is estimated that, initially, 30 per cent of the market will be affected by the squeeze on hire purchase payments, since in major urban centres, customers often pay cash down or on 90-120 day terms.

The authorities have taken steps to lessen petrol and diesel oil consumption. This is because Brazil faces an annual imported crude oil bill of \$4.5bn, and because the loss of 150,000 barrels a day imported from Iran, Brazil's third largest

supplier, is putting a strain on stocks.

Already, Brazilian cars run on a mixture of 84 per cent petrol and 16 per cent ethyl alcohol, distilled from abundant sugar cane supplies. Now, 4 per cent alcohol will be added to diesel oil, meaning an extra 600ml litres of alcohol production by Brazil's distillers this year (total 1978 alcohol production is estimated at 3.8bn litres).

The addition of 4 per cent alcohol to diesel oil will save 10,000 barrels a day of crude by the end of 1979, according to the authorities.

All told, Brazil consumes over 1m barrels of derivatives a day. The rise in OPEC crude prices and the Iranian crisis have given a spur to the national alcohol production programme, operated in conjunction with alcohol motor-research by the car industry which claims to be ready to produce 100,000 vehicles that can be run exclusively on alcohol.

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SHIPPING REPORT

Oil tanker lay-ups forecast

By Lynton McLain

SHIPBROKERS forecast a return to the widespread lay-up of oil tankers last week as the unavoidable consequence of the cut back in oil supplies from Iran.

The shortfall in production in the Gulf, however, has again had a stimulating effect on oil trades elsewhere. There was a rise in demand for smaller oil tankers last week, but rates did not reflect the upturn and there were signs that the recent depression in the oil tanker chartering market was affecting all owners.

The freight rates for very large crude carriers operating out of the Gulf fell back last week to below the levels of last May, when rates fell to Worldwide 20.

A number of large vessels now waiting at the Gulf either have to continue waiting or will have to accept less-making rates to enable them to return home for lay up.

The tanker market in Indonesia was active with a number of tankers destined for Japan and the west coast of the U.S. The demand for tonnage loading in West Africa remained steady, with rates for an 85,000 ton vessel at approximately Worldwide 85.

There was also activity in the Mediterranean, but rates fell here on the previous week's levels.

Israel gem thefts

The Israeli diamond industry, the country's biggest foreign exchange earner, is reeling from police disclosures of unprecedented thefts involving up to \$250m worth of gems.

Police have so far brought 24 suspects to court, five of them members of Israel's diamond exchange.

Reuters

\$2.5bn orders for U.S. aerospace

BY MICHAEL DONNE

THE U.S. aerospace industry over the past week has won new orders worth more than \$2.5bn for airliners, guided weapons and space vehicles.

The biggest contract, for \$1.9bn (nearly £1bn) was won by Rockwell International of California from the National Aeronautics and Space Administration to build four "Space Shuttle" aircraft, for the next U.S. manned spaceflight venture.

This is to develop a manned space transport system for the 1980s, whereby satellites and other payloads can be carried into earth orbit by a manned vehicle which will return to earth after each mission, for refurbishing for later missions.

The new contract is an extension of the original Space Shuttle deal won by Rockwell in 1972, for the design, development and testing of two Shuttle spacecraft and a structural test spacecraft.

Boeing Aerospace, part of the Boeing group, has won a \$250m contract from the

Defence Department to develop the Air-Launched Cruise Missile (ALCM).

This is a small, subsonic, unmanned missile designed to be launched from B-52 bomber aircraft and then to fly long distances to targets deep within enemy territory.

It will be part of a competitive study by the Defence Department, which has also awarded a similar contract to General Dynamics for development of an air-launched version of its sea-launched cruise missile.

A "fly-off" competition will be held this summer, and on the outcome of this, a final production contract for cruise missiles will be awarded.

Meanwhile Qantas of Australia has ordered two more Boeing 747s, bringing its fleet to 19, the airline's chairman Sir Lenox Hewitt, has announced. The aircraft, with spares, are worth more than \$60m.

McDonnell Douglas Corporation has won orders worth

\$172m—from Continental Airlines of the U.S. for two DC-10-30 trijet airliners, worth about \$100m, with an option on two more, and from Aeromexico for six DC-9-30 twin-jet airliners, worth about \$72m.

Lockheed of California has won a \$30m order for one TriStar trijet, with an option on two more, from Trans Caribbean Airways.

The Trans-Carib deal will bring business worth \$25m to Rolls-Royce, whose RB-211 engines will power all three aircraft.

Our Rio de Janeiro correspondent adds: Varig, Brazil's national airline which, with its associate, Cruzeiro do Sul, carries 46 per cent of domestic flight passengers, is negotiating purchase of five McDonnell Douglas DC-10s.

Meanwhile, Brazilian civil aviation authorities have indicated that at least four Airbus are likely to be ordered to renew the fleet used on the Rio de Janeiro-Belo Horizonte-Brasilia shuttle

Fokker seeks partners for Super F-28

BY MICHAEL DONNE

FOKKER OF Holland, which is planning a new, short-haul twin-engine airliner, the Super F-28, to seat between 115 and 130 passengers, is to seek international partners on the programme.

The company says that it has begun talks with companies in the UK, the US, France, Italy, Sweden and West Germany, to find risk-sharing partners for the new venture.

The talks in the U.S. have revealed "considerable interest." Among companies approached were Boeing and Lockheed. No firm decisions have yet been taken.

Fokker also says that it hopes to be able to collaborate with companies in Japan. Mr. F. Swartman, president and chairman of Fokker, will visit Japan soon for preliminary talks.

UK surplus tops £416m

BY OUR AEROSPACE CORRESPONDENT

THE UK earned a payment surplus of over £416m on its aerospace industry account last year, with exports of £1.17bn against imports of nearly £754m.

Figures issued by the Society of British Aerospace Companies show that exports of aircraft and parts amounted

to over £550.5m, while exports of over £485m.

Imports of aircraft, mainly Boeing 747 Jumbo jets and Lockheed TriStars and McDonnell Douglas DC-10s for UK airlines, amounted to £285m, while imports of engines amounted to £378m.

World Economic Indicators

W. Germany	RETAIL PRICES		% change over previous year	Index base year		
	Jan. 79	Dec. 78				
Italy	147.1	146.1	145.5	143.4	2.6	1970=100
Holland	139.5	138.5	137.3	124.7	11.9	1976=100
U.K.	122.5	122.6	122.6	117.9	3.9	1975=100
France	204.2	202.5	201.1	188.4	8.4	1974=100
Belgium	207.8	206.8	205.7	189.4	9.7	1970=100
U.S.	130.1	129.5	129.1	125.3	3.8	1975=100
Japan	202.9	202.5	200.9	184.1	9.0	1947=100
	Nov. 78	Oct. 78	Sept. 78	Nov. 77		
	123.5	124.8	124.6	119.4	3.6	1975=100

Tandbergs Radio Manufacturers' Bankruptcy Estate

It is hereby announced: The assets of the bankrupt Tandberg Radio Manufacturers Co. are to be liquidated.

The estate is now being handled by the council for the estate, and will soon be ready for sale.

The assets consist of factory, warehouse and office buildings (5 in all) in the Oslo area, as well as production equipment for radio, television, loudspeaker, stereo, educational aids and data equipment.

The estate owns shares in sales companies in the U.S.A., Great Britain, West Germany, France, Holland, Belgium, Austria, Denmark, Sweden and Finland.

In addition, a company for production of Colour Television in Scotland, and a company for production and sale of data equipment in San Diego, California.


The estate owns patents, trademarks, commercial names, drawings and constructions pertaining to the above-mentioned equipment.

A comprehensive prospectus is being drawn up. Interested parties should send bids as soon as possible for the whole or part of the production equipment, etc.


The council for the estate reserves the right to evaluate the seriousness of each offer and to accept or reject each bid.

Contact by letter or telex:

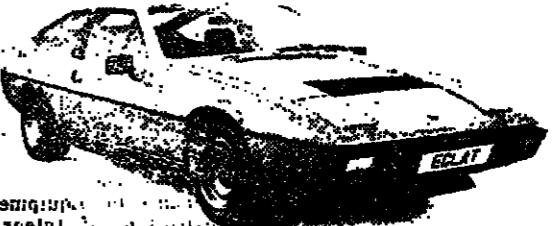
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ENTER THE PHILIPS VIDEO AGE COMPETITION.



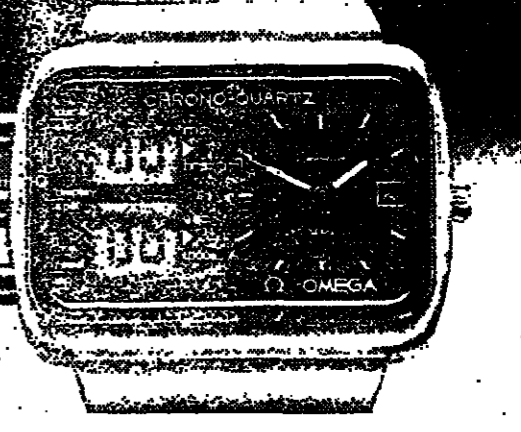
WIN A HOUSE TO THE VALUE OF £60,000.



WIN A LOTUS ECLAT.



WIN ONE OF 6 TRIPS FOR 2, BY CONCORDE TO THE U.S.A.



WIN ONE OF 30 OMEGA CHRONO-QUARTZ WATCHES.

Use your skill and judgement to select the correct answers to these 'Video Age' questions.

- Where were the very first TV transmissions made? (a) U.S.A.; (b) Holland; (c) Great Britain.
- When was colour TV first publicly broadcast in the United Kingdom? (a) 1963; (b) 1967; (c) 1970.
- Satellites are now an important link in worldwide TV broadcasts. Which was the first communications satellite? (a) Sputnik; (b) Apollo 9; (c) Echo 1.
- Who is credited as the inventor of television? (a) John Logie Baird; (b) Thomas Edison; (c) Alexander Graham Bell.
- Which company pioneered domestic video recording in the U.K.? (a) Philips; (b) JVC; (c) Sony.

Put your answers in the boxes provided.

1

2

3

4

5

I entered the Video Age with Philips because _____

(Complete in no more than 10 words. In the event of a tie for any prize, the most apt and original tie-breaker will win.)

Name _____

Address _____


Date of purchase or signing of rental agreement _____

Dealer's name and address _____

Model No. _____ Serial No. _____

Closing dates as shown above.

Send your complete entry to:
Philips Video Age Competition, P.O. Box 3, Horley, Surrey RH6 6ER.

Simply years ahead 

£100m backing for Prestel service

BY MAX WILKINSON

THE POST OFFICE plans to invest up to £100m over the next five years in Prestel, its new electronic information service.

It is to set up a national network of computer centres from which the public can obtain information, ranging from rail and air timetables to business statistics, general advice and quizzes, using a modified television set linked to the telephone.

The plans include a large central "information warehouse" to support local computer systems.

The Post Office has decided to invest rapidly in the service in the hope of creating a mass market as quickly as possible. Trials with the system have led to the conclusion that it can only be viable economically when its users are measurable in hundreds of thousands.

Dr. Alex Reid, head of

Prestel, believes that the service will become most profitable when it has about a million viewers and a million "pages" of information, although it will be viable when smaller. If the service gains wide public acceptance it might achieve a turnover of about £100m by the mid-1980s.

Achieving high volume for the service will depend on pricing policies adopted by manufacturers of the modified television sets. Prestel sets cost more than £1,000, but were demand high enough, the cost might be reduced to between £50 and £100 in addition to the price of a remote-control set.

In the first year or two, most users are expected to be businesses, but eventually many homes might use the service for reference, entertainment, general information and mail-order shopping.

Prestel has sold more than 180,000 "pages" of information to 160 information sources. It will be launched as a public service this year, probably in autumn, although it is expected to become generally available by early summer.

Users pressing a button on their set will thereby dial the Post Office computer. Pages are selected by pressing buttons on a key pad rather like a pocket calculator. Users pay a local telephone charge and a small charge for viewing each page.

Local computer centres will all carry identical information used in the most commonly sought pages. The information warehouse will be used for pages required more rarely.

The system is being exported to several countries, West Germany so far the largest. The Post Office hopes that it will bring in foreign earnings of perhaps £1m a year.

Thatcher promises law against union power abuse

BY PHILIP RAWSTORNE

THE NEXT Conservative Government will legislate to curb abuses of trade union power and will seek no-strike agreements with workers in essential public services, Mrs. Margaret Thatcher, Leader of the Opposition, declared at the weekend.

In a speech to the Young Conservative conference in Bournemouth, she made clear that her offer of support to the Labour Government for such measures had not meant that she wanted a coalition.

Mrs. Thatcher said: "The great majority of wage claims should be settled by responsible bargaining on equal terms between employers and workers."

"That means bargaining from which sheer bullying is excluded. It means bargaining which cannot end in a strike unless the strike has been genuinely approved by a majority of workers, balloting secretly."

"It means bargaining which is not supported by intimidation on picket lines."

"It means bargaining which does not derive its force from the threat that any worker who refuses to go along with the instruction of his shop steward may lose his job."

If, after reform, groups of workers were still resolved to hold the country to ransom, it was clear that in a very few essential industries and services "the right to pursue industrial

disputes by strike action is not consistent with public safety."

Certain workers should be asked to forgo the right to strike. "In return, they should have special safeguards for their pay, assuming efficient manning levels. Overmanning is the greatest single source of low wages in our economy."

If such agreements were not accepted or were defied, Mrs. Thatcher said, she would rally volunteers to help the Government maintain essential services.

"There are enough people in this country resolved to keep it going and determined not to yield to bullying, enough to stave off this kind of national disaster if it ever threatened."

Mr. James Prior, Tory employment spokesman called for recognition that the law had a part to play in industrial relations. "It is not the whole answer, but nor is it no answer."

The next Conservative Government would have to ensure that it had widespread public support for such legislation.

The best way to help the lower paid was through lower taxes, public spending cuts, and encouragement of initiative and enterprise.

Mr. Harold Macmillan, 65 on Saturday, was given a rousing, foot-stamping, five-minute standing ovation when he made the closing speech at the conference.

Coggan invited to discuss strikes

MR. ALAN FISHER, general secretary of the National Union of Public Employees yesterday invited the Archbishop of Canterbury to meet him to discuss the public sector strikes.

Mr. Fisher, whose 700,000 members are involved in all four public sector disputes, said: "Our members who daily struggle to provide care in an uncaring society know that they had to take action in order to make people listen to their legitimate case."

The Archbishop gave a warning yesterday that society was in danger of destroying itself by selfishness and pitiless strikes. He condemned the widespread "every man for himself" attitude, and called for a change of heart.

Dr. Donald Coggan, speaking at the centenary service of St. John the Baptist, Folkestone, told the congregation of about 400: "What we all need, employees, employees, all of us, is a change of heart and mind — what Christians call repentance."

He said: "Suppose you have a people whose master passion is to grab and not to give. Suppose you have a people who are heedless of mercy and of restraint and of sacrifice."

"Suppose you have that: then disaster lies ahead for that people and the seeds of death are in it."

Dr. Coggan said that the forces of selfishness were rampant. "Each man for himself and never mind if someone gets hurt. These forces will destroy us if there is not that change of mind and of heart."

He said he received a letter last month from a Christian trade unionist, thanking him for "speaking out" against strikes.

Dr. Coggan told the congregation that Kier Hardie, the father of the British Labour Movement, had written that return to the principles of the Gospel was needed.

"He would have something pretty caustic to say about some areas where employees are still badly paid."

Times unions welcome talk on Benn project

BY LISA WOOD

TIMES NEWSPAPERS employees' representatives welcomed discussion at the weekend on a proposal by Mr. Anthony Wedgwood Benn, Energy Secretary, that the BBC should take over the Times.

However, Mr. William Rees-Mogg, editor of The Times, attacked Mr. Benn's proposals yesterday as a publicity "balloon" and "an attack on the freedom of the Press."

Speaking on a BBC radio programme in which Mr. Benn was interviewed, Mr. Rees-Mogg declared that he would not edit the newspaper if it was owned by the BBC.

He said: "This proposal is totally irrelevant. The Times is not for sale. The BBC could not help as the issue was productivity."

Mr. Benn said that if the Times were not to die, it might be bought by an international oil company, as was The Observer.

Six wealthy men and two international corporations controlled 270 papers in Britain. "Would it not be better for the BBC, which has a worldwide reputation for balance and a charter, to assume this responsibility and get the paper started again?"

The general secretaries of the National Graphical Association, National Union of Journalists, National Society of Operative Printers, Graphical and Media Personnel and Society of Graphic and Allied Trades are to meet this week to discuss Mr. Benn's proposal.

At Saturday's conference of chapels, the joint Liaison Committee of Times unions reported that it had rejected proposals by Mr. Len Murray, TUC general secretary, for restarting publication of The Times. The Sunday Times and the supplements.

Only the representatives of The Sunday Times journalists voted against rejection.

Civil engineering has bad winter

BY MAURICE SAMUELSON

HOPES THAT the winter recession in the civil engineering industry would be less severe this year have been dashed, says the Federation of Civil Engineering Contractors.

A survey of more than 300 companies' performance in the past three months showed that many felt they were in an even worse position than a year ago. The level of invitations to tender had dipped, and there was no improvement in order books.

Worst-hit areas were South Wales, Scotland and Yorkshire.

More plant was idle than a year ago, and some companies expected heavy shedding of labour, contrary to usual seasonal trends.

Although most concerns recorded "some optimism" as a possible reaction to the present depression, their optimism was more muted than in the federation's last survey.

It said that the survey reinforced its view that if the Government were forced to cut public expenditure this should be on current rather than capital spending.

Post Office ponders new phone technology

By John Lloyd

THE POST OFFICE is looking for a replacement microphone for the country's 23m telephone sets.

The device used now, known as the carbon granule microphone, has been manufactured to a design largely unchanged since the invention of the telephone.

There are now two major possibilities, claimed to be cheaper and more reliable, for replacement, the semiconductor-based electret microphone and the piezo-electric film microphone.

The four main suppliers of handsets to the Post Office, the General Electric Company, Plessey, Standard Telephone and Cable, and Pye, all possess technology of this general type.

The corporation is also examining an electret-type device made by the Swedish company Rifa, a subsidiary of the telecommunications company L. M. Ericsson.

Although the chief advantages claimed for the new devices are greater reliability, and thus lower maintenance costs, the carbon granule microphones are both very cheap and can give a stronger signal than the modern alternatives.

A further problem, not yet solved, is compatibility between the new technology and the old. Since the carbon granule microphones would be replaced progressively, the replacement microphones would be required to co-exist with them for some years.

Pym seeks observers for Rhodesia poll

BY PHILIP RAWSTORNE

MR. FRANCIS PYM, Tory spokesman on foreign affairs, has called on the Government to send observers to the Rhodesian elections in April.

In Cambridge at the weekend, Mr. Pym said the Government should take a fresh initiative "to enable the test of acceptability of the internal settlement) to take place in circumstances that are as favourable as possible."

If the Government refused to do so, it would suggest that it wanted to discredit the elections, he said.

The Conservatives, who would send their own observers, wanted to ensure that the elections could not be challenged later by claims that they had not been a fair test of acceptability.

The result confirmed majority support for the internal settlement. Rhodesia should be restored to legality, granted international recognition and sanctions lifted.

Mr. Pym today emerges top of a poll of Conservative MPs for places in Mrs. Thatcher's first Cabinet.

The ballot of Tory backbenchers, in which only a third returned votes—was organised by Crossbow, the Bow Group's magazine.

Sir Geoffrey Howe takes second place, with the deputy leader, Mr. William Whitelaw, third.

Marked support is given for the recall of Mr. Peter Walker, former Industry Minister, who has been excluded from the Shadow Cabinet.

But Mr. Edward Heath is well down the list; and Mrs. Sally Oppenheim, spokesman on prices, receives only two votes.

Full sugar output expected

BY CHRISTOPHER PARKES

SUGAR PRODUCTION at Tate and Lyle's refineries will return to normal today after more than a month of stoppages and reduced output caused by disputes in the company's transport department.

Full output will be resumed at its Liverpool factory today after a decision by its 185 drivers to go back to work. Their dispute lasted a month.

The refinery produces 300,000 tonnes of white sugar a year. Stoppages disrupted food manufacturing in the North-west and many grocers have had inadequate supplies. The refinery has a 10-day backlog of deliveries.

Production at the company's Thames refinery near London started recently after a three-week lay-off.

The British Sugar Corporation, which refines the home-grown sugar beet crop, rather than imported raw cane sugar, is also back to normal after difficulties during the national hauliers' strike.

At the weekend only about 3 per cent of the national beet crop remained to be processed at the end of what the corporation termed a "fairly successful" campaign.

In spite of frost damage to beet held up by the drivers' strike, said to have cost West Midlands farmers about £2m, sugar production this season is expected to exceed 1m tonnes.

In Washington, the U.S. Treasury department announced that, according to its investigations, France, Belgium and West Germany had been dumping sugar at "less than fair value."

Its findings, Reuter reported, would be passed to the International Trade Commission for further investigation to see if the shipments, totalling 83,000 tons, damaged the domestic industry.

Chapple speaks out for moderates' plan

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. FRANK CHAPPEL, the electricians' leader, said yesterday that it was untrue for critics to suggest that proposals for the economy published by trade union leaders in the pamphlet A Better Way has already been tried and found lacking.

Mr. Chappel, general secretary of the Electrical and Plumbing Trades Union was one of a dozen union leaders who signed the proposals.

Explaining his position to his members in Contact, the union's journal, he says: "None of the parties involved in the current conflicts have attempted to apply a long-term policy based upon a genuine understanding of the country's economic needs and the scale of reward that different contributions to the economy should receive."

The proposals in A Better Way tackle the problems on two fronts. On incomes the pamphlet suggests reforms in pay bargaining, wage structures and traditional differentials.

Higher wages must be paid for by greater efficiency, and account taken of public interest, fellow-workers and the consumer.

On prices, the pamphlet calls for more extensive tripartite discussions and establishment of an independent agency on pay, prices, profits and dividends.

The principal argument was that "no-one can take any credit for our current methods of resolving these problems, neither is it possible to look upon their yearly repetition without fearing the consequences."

A Better Way did not set out to be a panacea, but was a vehicle for those who wished to

Chapple speaks out for moderates' plan

BY ALAN PIKE, LABOUR CORRESPONDENT

avoid continual confrontation and strife.

It attempts to put the matter right on a more permanent basis, because until such a basis is found each year will simply become a reflection of the previous year—the same arguments, the same hysteria, and a growing resentment that can only lead to the end of the trade union movement as we know it today."

In immediate terms, Mr. Chappel says, he fears that the current industrial strife is likely to get worse and not better.

Pay settlements already reached cover barely one-third of the industrial work force, and claim some of the most powerful groups, such as engineers, railwaymen, miners, power workers and building workers had still to be resolved.

Michelin strike call rejected

MORE than 2,500 Michelin workers in Stoke-on-Trent yesterday voted overwhelmingly against a strike, rejecting a recommendation from their negotiators, the Michelin joint council, to go on strike from February 24 in support of their claim.

The vote confirmed their rejection at a meeting last month of strike action. The men are members of the Transport and General Workers' Union. The French-run company has offered an immediate pay rise of nearly 10 per cent with an additional 4 per cent in May, if production levels are met.

Replacement of steel scrap wagons urged

BY ROY HODSON

THE Department of Industry has been asked to find a solution to a £40m problem facing the steel industry and British Rail of replacing the railways' scrap steel wagon fleet, which is wearing out.

British Rail, the British Steel Corporation, and members of the British Scrap Federation are none of them anxious to invest in new rolling stock.

The federation has asked the Department of Industry to intervene by delaying the phasing-out of the old wagons, being scrapped at a rate of 3,000 a year; to secure an agreement with British Steel to improve the utilisation rate of wagons; and to provide a Government grant towards the capital cost of the new wagon fleet.

Otherwise, say the scrap merchants, they will be forced to divert 4m tonnes of scrap a year from the railways to the roads. They warn the Government that this would mean heavy congestion on roads, especially in the main scrap steel using areas—South Wales, the Midlands, the Sheffield/Rotherham area and Central Scotland.

Talks have been going on for three years between British Rail and the steel industry without agreement being reached on a cost-sharing formula.

A new 45-tonne wagon has been developed by British Rail but none has yet been ordered. The wagons would cost £18,000 each and it is estimated that at least 2,000 are needed.

Insurance law 'favours companies'

LEGISLATION ON the way in which insurance claims are met is weighted too heavily in favour of insurance companies, the Law Commission says in a working paper.

A fairer balance between insurer and insured should be struck, while enabling insurers to continue to offer the same range of services.

The commission suggests reforms and invites comments on its proposals.

It suggests that the person who wants insurance should have to tell the insurer only what a reasonable person might consider important.

Present law dictates that when someone applies for insurance he must tell the insurer "everything which the insurer might consider important."

MP will quit Official Unionists over Powell

MR. JAMES KILFEDDER, MP for North Down, is to resign from the Official Unionist Party in protest against Mr. Enoch Powell's influence on its leadership, writes Philip Rawstone.

He said yesterday that Mr. Harry West, the party leader, was allowing Mr. Powell "to lead the party by the nose" toward total integration of Northern Ireland in the UK.

Mr. Killefadder, who was expelled from the Official Unionist group at Westminster

MP will quit Official Unionists over Powell

three years ago after differences over voting tactics, said he had asked for a meeting of his constituency association to inform it of his decision.

He is expected to announce plans to fight the next General Election as an Independent Unionist. He fought the February, 1974, election under the same label, after failing to do so, and convincingly defeated the official candidate.

He was then readopted as the party candidate in October, 1974.

Ocean Transport to form integrated division

BY LYNTON MCLEIN

OCEAN TRANSPORT and Trading is to rationalise its fleet structure with the integration of four existing divisions into the new Ocean Marine division from March 5.

Ocean Marine will combine the Ocean Fleets, Ocean Liners, Blue Funnel Bulkships and Ship Procurement Divisions. Mr. W. N. Menzies-Wilson will be managing director.

The move is a necessary development after the reduction in the company's ship fleet, which stands at 34 vessels, and

the completion of the greater part of the group's re-equipment programme.

Part of the group's liner trade activities operate away from the company's Liverpool headquarters and this has contributed to the need for change.

The ships' agency companies, apart from Ocean Shipping Agencies and the West African Agencies, will become part of Ocean Cory as soon as possible.

Ships within the various existing divisions will continue to operate under their own identities.

Malaysia air services talks break up

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TALKS BETWEEN the UK and Malaysia on a new air services agreement have been adjourned in Kuala Lumpur with no progress being made.

Reports suggest that the only concession by the UK was for a new Malaysian Air Services Daily Airbus flight between Kuala Lumpur and Hong Kong.

But no additional MAS flights to London were agreed. The Malaysian airline had been hoping for additional DC-10 flights to the UK, in return for Malaysia permitting Concorde

flights to resume to Singapore through Malaysian airspace.

Mr. Hamzah Majid, director-general of Malaysia's Civil Aviation Department, who headed the Malaysian team at the talks, said that his country's view that MAS had reached the point where it needed more services was not accepted by the UK.

The two sides were unable to agree on capacity requirements after studying statistics. He described the outcome as "disappointing." A date for a further meeting has not been fixed.

'Restricted fiscal policy needed,' says Godley

BY DAVID FREUD

IT IS difficult to see how restrictive monetary and fiscal policies can now be avoided in the UK, according to Mr. W. N. Godley, director of the Department of Applied Economics at Cambridge.

Writing in City stockbrokers' Vickers da Costa's latest economic circular, Mr. Godley says the Government has established very firmly in the public mind the crucial importance of keeping the public sector borrowing requirement at about £8.5bn this financial year, and of preventing the money stock from rising above the 8.12 per cent range.

These targets, particularly the former, will be very difficult to achieve without restrictive fiscal and monetary policies in the light of the present pay pressure, he says.

It is very difficult to see, in view of the stated policies of both the main parties and of the expectations now held by markets and commentators, how

such restrictive policies can now be avoided."

Mr. Godley doubts whether further restriction of this kind will result in less cost and price inflation and adds: "I have never understood what mechanism is supposed to bring this about."

The prospect of further general recession and still higher unemployment will in no way weaken the resolve of the groups which feel themselves to be relatively out of line, he says.

"It is possible that, if fiscal and monetary restriction were of such severity that sterling were to appreciate, then some small and probably short-lived mitigation of inflation might occur through the effect on import prices. But this degree of restriction is to be dreaded; for the industrial recession would get a further twist from the loss of competitive power in world markets."

£2m sea wall

A SEA WALL costing nearly £2m is planned for the north beach at Haslemere, Norfolk, subject to approval by the Ministry of Agriculture.

Clear economic picture likely this week

BY DAVID FREUD

A CLEAR picture of the state of the British economy at the turn of the year is likely to emerge this week with the release of several key economic indicators.

The figures will cover the money supply, retail sales and prices, industrial production, average earnings and the balance of payments.

The money supply figures for the month to mid-January, due on Thursday, are expected to show a rise of between 2 and 3 per cent following the banking statistics released last week.

Total eligible liabilities of the banking system rose by 2.2 per cent in the five weeks to mid-January. These are an

important constituent of money supply on the broader definition, Sterling M3.

While one cannot read directly from the eligible liabilities to M3, further increases on the outcome for M3 are likely to move or less counterbalance each other, leaving a monthly rise of between 2 and 3 per cent.

Such an increase would take the annual rate of increase in the money supply well over the 8.12 per cent target range for growth, which was rolled forward three months ago until next October.

Today's provisional estimates for retail sales in

January will indicate how much the pre-Christmas spending surge, fuelled by tax rebates and raised social security payments, was continued in the January sales.

Provisional figures for industrial production in December are likely to confirm that production was slowing at the end of 1978. Output in October and November was well down on the average for the second and third quarters.

Wednesday's average earnings figures will show how many employees have settled so far in the pay round. Last month the Department of Employment said that the

Managers urge review of laws on picketing

BRITAIN'S managers called yesterday for a review of the laws on picketing, and for a code of practice to be drawn up.

A submission to the Department of Employment by the British Institute of Management calls for a review of existing civil legislation: tightening up on the immunities now available to picketers; and a code of practice on picketing to be drawn up jointly by the Government,

employer's organisations and the TUC.

The submission comments: "The law is frequently flouted by pickets. Thankfully, violence on the picket lines is still the exception, although it may not always remain so."

A majority of members considers that while a strengthening of criminal law may not be necessary, a review of the civil law should be undertaken, and, if necessary, it should be amended.

University teachers seek 28% rise

A 28 PER CENT pay increase is being sought by the National Association of Teachers in Further and Higher Education, representing 70,000 further education lecturers. The claim will be put to the Burnham

further education committee for approval later this month.

"The position of our members in the earnings league has deteriorated badly since the Houghton Report of 1974," a union official said.

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Building and Civil Engineering

Planning a ship-repair facility

THE Organisation of Arab Petroleum Exporting Countries, Kuwait, has appointed British consulting engineers Rendel Palmer and Triton to undertake a comprehensive technical and economic feasibility study aimed at the establishment of major ship-repair facilities in one of the Mediterranean member countries of OAPEEC, Syria, Egypt, Libya or Algeria. The study will be subdivided into three stages. In the first a market study will be carried out to forecast the demand for

repair and maintenance services, and to serve as a basis for determining the optimum size and type of facility to be provided. The second stage will be directed towards the selection of the most suitable country in which to site the facility, while the third will determine the best location within the chosen country, and include a detailed financial and economic evaluation of the project. The study will be completed in May 1980. Economic aspects

will be undertaken by the consultant's own associated firm, the RPT Economic Studies Group. In the first stage assistance in establishing world-wide and regional shipping trends, fleet growth and trading patterns will be provided by the specialist organisation HP Drewry (Shipping Consultants). Those areas of the third stage relating to management and financial viability will be studied by Price Waterhouse Associates (International).

£5m orders for Crown House

ORDERS WORTH about £5m for installation of mechanical and electrical services have been gained by Crown House Engineering. For the Central Cardiff Development Area, where the main project consists of interconnecting malls between several large retail stores, Crown House is providing services under a contract valued at £710,000. The work is being undertaken for The Heron Corporation. Architects are J. Seymour Harris Partnership and the main contractor is S. H. Contractors.

HENRY BOOT Construction Limited is undertaking an industrial management fee contract worth almost £900,000 at Brentford, Middlesex. It is a warehouse and office development for King's House (St. James's Court), off the A4

Great West Road and involves construction of a 5,200m square metre single-storey, three-bay warehouse with attached 1,300m square metre two-storey office block. Completion is due in November. Both buildings will have concrete-cased steel frames, with

brick and block external walls. The work also involves drainage, external services, roads, retaining walls and landscaping. A two-lane ramp will give vehicular access to and from the A4, which is about 10 ft above site level. The architect is the Baldwin Everton Partnership.

Analysis of pile driving

OFFSHORE Services Group of Lloyd's Register has developed an interactive graphics system to assess the ability of hammers to drive individual piles and to indicate the dynamic stresses induced in the piles by driving operations. The system, based on one-dimensional stress wave theory, has been implemented on one of Lloyd's Register's PDP-11 mini-computers and complements an existing program. It is able to select and plot data very quickly, thus assisting engineers to assimilate the results. It also allows engineers to perform parametric studies with a minimum of new input. Data can be checked on the computer display before the computer run is allowed to proceed, thus avoiding wasted runs. All the input is handled inter-

actively using the graphics terminal and, as a result, the input phase takes only about ten minutes. Input data includes pile idealisation and curves of dynamic unit skin friction, end bearing resistances, and damping values. Following the analysis, the results can be displayed in a number of different ways—e.g. the variation of force, stress, velocity or displacement with time or along the pile length. Another option allows output to be displayed dynamically on a visual display unit. Consecutive frames show results at successive small time intervals giving, in effect, a slow motion picture of how the stress wave passes along the pile. Lloyd's Register of Shipping, 71, Fenchurch Street, London EC3M 4BS (01-709 9166).

Replacing a big roof

PRODUCTION of heavy-duty axles and transmissions will continue at BL's Albion works on Clydeside while a new roof is installed 80 ft above the machine shop floor. H. H. Robertson (UK) is to replace the 40-year-old roof—which contains large areas of glass—by 27,000 square metres of Galbestos (profiled steel sheet) under a £1.3m contract. Work starts in April. Quantity surveyors are Godfrey and Burgess of Birmingham.

IN BRIEF

- Consulting engineers Oscar Faber & Partners has changed the name of the firm to The Oscar Faber Partnership. It will be the parent practice of two operating partnerships to be known as Oscar Faber & Partners, St. Albans, and Oscar Faber & Partners, Manchester.
- A spinning mill is to be built in Wakefield, West Yorkshire for M. P. Stonehouse by J. Cartwright Construction. Value of the contract is £287,000.
- James Drewitt and Son is building a £312,000 day centre for the physically handicapped at Grosvenor Road, Weymouth, Dorset, for Dorset County Council Social Services Committee. Another job, worth £250,000 is for shops and offices in St. Thomas Street, Weymouth, for Federated Homes.
- Cleveland Bridge and Engineering Co. has purchased the Liverpool based structural engineering company, Hughes and Ellison. The latter specialises in structural work for the petrochemical industry and employs some 300 people.

Over £8½m for Laing

IN CONTRACTS totalling about £8.7m, recently awarded to John Laing Construction, the largest is for fitting out part of a new office block in the City of London. Morgan Guaranty Trust Company of New York has awarded the £3.7m contract for the office complex, Angel Court, situated adjacent to the Stock Exchange. The company will fit out from sub-basement level to the fifth floor, together with the 19th floor, and the remaining floors will be sub-let. Work under this contract involves the erection of partitions, wall coverings, carpeting, construction of a suspended floor slab at mezzanine level, lift alterations, formation of a computer room, dealing rooms, staff dining area and executive guest dining rooms, together with modifications to the heating, ventilating, electrical and air-conditioning systems.

Southwest region of the company has won a £2m contract to give a facelift to a Regency crescent in Cheltenham, Gloucestershire. Second phase of a programme by the Guinness Trust in Lansdown Crescent, it provides for the conversion of 18 five storey terraced houses into 56 one and two-bedroom flats, 1 three-bedroom flat, 4 bedsitting rooms, and 30 one- and two-bedroomed maisonettes, while

retaining the original character of the building. Cheltenham Borough Council and the Historic Buildings Council are providing loan finance and grants. Work, which starts soon, involves gutting existing houses and re-planning their interiors by building new walls and putting in new floors, partitions, fittings and main services to meet modern standards. As much as possible of the original moulded joinery and plaster work is to be retained and restored. Under a contract worth about £1m, the south west region will also build a two-storey supermarket with shop units for Tesco at Cirencester, Gloucestershire. This will include its own bakery and food preparation rooms, display area, offices, storage, staff room and canteen. Constructed at a site in Castle Street (and formed from adjacent existing buildings), both store and shops will have reinforced concrete columns on concrete pad foundations with a flat roof on steel frame. Architectural treatment is in keeping with the style of the market town. Present Cotswold stone facade is to be preserved while the main structure behind is to be rebuilt to modern standards and matched to the original appearance with a roof covering of natural stone.

Indonesian fertiliser plant

AN ORDER for a fertiliser manufacturing plant at Bontang-North in Indonesia has gone to SA Copee-Rust NV. The plant will be part of a U.S.\$240m complex the contract for which has been awarded by P. T. Pupuk Kalimantan Timur (KALITIM) to The Lammus Company (London). Copee-Rust is owned by the Compagnie Copee de Developpement Industriel SA, of Brussels, and The Rust Engineering Company, headquartered at Birmingham, Alabama, a wholly owned subsidiary of Wheelabrator-Frye Inc.

Another job is at the Red-ditch Town Centre Development where an extension to the existing Kingsfisher shopping centre plus flats is now underway. Yet another order, worth £1.4m is for electrical and mechanical services for the new terminal building at Sumburgh Airport, Shetland. Main contractor is G. Percy Trentham.

£7½m Higgs & Hill award

WORK HAS now started on the new Crown Court complex in Leeds which is being built by Higgs and Hill Northern for the Property Services Agency under a contract for £7.5m. Contract covers construction of one single and one four-storey buildings on a prime site of about 10,000 square metres fronting on the main east-west thorough-

fare to the west of the Civic Hall. In addition to 14 Crown Courts and three County Courts, the premises will also provide extensive office accommodation. Main building will have a reinforced concrete frame and be brick clad with a hollow mould concrete floor and roof slabs. Project is scheduled for completion in July, 1981.

French Kier is kept busy

THREE French Kier Group companies have been awarded five contracts worth a total of £4.1m. French Kier Construction has been awarded three of them, totalling £2.6m. One of these is for £1.8m and is for the construction of a sewage treatment works at Totnes, Devon. The work for the South West Water Authority is now starting.

Another contract, worth £193,269, is for the Central Electricity Generating Board and is for demolition work and a new access road at West Ham and Barking power stations, while yet another is for the Mobil oil refinery at Coryton (£540,000), and is for the construction and completion of two electrical sub-stations and work on a third sub-station. Kier (RBW) has been

awarded a contract worth over £1m by East Sussex County Council as a further phase in the access to Hastings future industrial estate. Work is to be carried out over a 3½-kilometre length and will be mainly excavation amounting to 250,000 cubic metres. There will also be 1½ kilometres of complete single carriageway in flexible construction and main drainage will be installed over the complete length. Finally, Kier Trinidad has won a £730,000 contract for the construction of an extension to chemical laboratories for the University of the West Indies, St. Augustine Campus, Trinidad. Both buildings will be of two storeys, concrete framed with masonry block walls. The contract includes electrical, air conditioning, plumbing and laboratory equipment installation.

Bid for hire stakes

PLANS FOR strengthening its grip on the plant hire market have been announced by Agent Plant Hire. One of its first moves has been the purchase of £1m worth of Sunco hydraulic working platforms and Parker scissor lifts—it is understood that further purchase of plant are expected soon. Uses for the equipment now

available from the company range from the servicing of high level lighting installations to bridge and aircraft inspection and building maintenance. Lorry-mounted hydraulic platforms offering lifts up to 60 ft are now in use and a new unit reaching up to 103 ft is on order. The company's headquarters are at Lower Station Road, Crayford, Kent (0322 529121).

Work for Dutch group

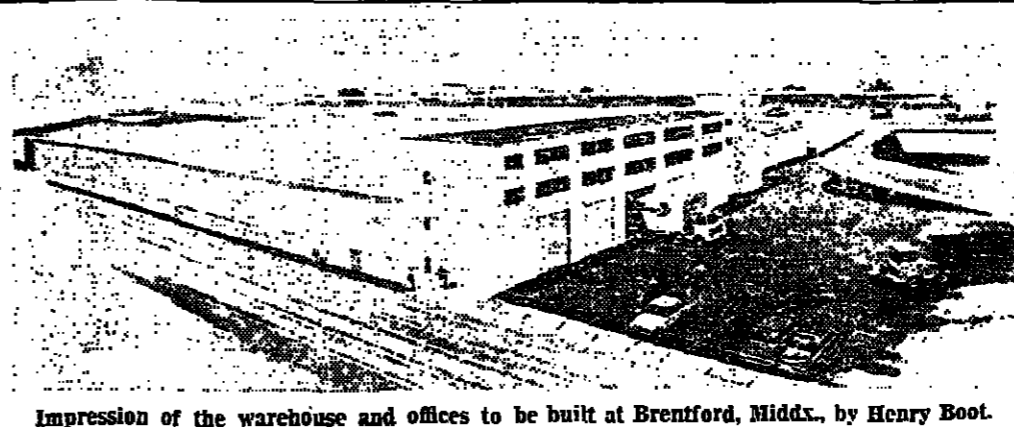
THREE contracts, said to be worth a total of U.S.\$ 35m have been awarded to Hollandsche Beton Groep NV companies. For the Government of Qatar, Interbeton Qatar NV is to construct a harbour complex involving a slipway, jetty pavement and a number of buildings. Among other jobs for this company in Qatar are an outfall channel for the Qatar Chemical Company. In Abu Dhabi, another

member of the group, Culfbeton, is to carry out work in connection with the Mina Zayed harbour project. This contract calls for the construction of pavements and a number of buildings for the various harbour services. Other new work for the group is in South America in Venezuela, where two hydraulic engineering contracts are to be undertaken on the Orinoco River.

Awards to Mowlem

SIX CONTRACTS with a total value of £1.6m have been awarded to John Mowlem in the north of England. Largest job is worth £800,000, for building a supermarket and four shop units at Kirkstall, a Leeds suburb. Other work, mainly housing, includes the completion of 34 houses and flats for Leeds County Council, a £250,000 contract awarded by Bradford and Northern Housing Association

to provide quality flats at Gaythorne Road, Bradford; and a contract at Heaton, awarded by Bradford Flower Fund Homes, to provide accommodation for the elderly. Two special work contracts, valued together at £140,000, involve alterations to the Market Street, Bradford, branch of the National Westminster Bank and, at Pontefract General Infirmary, alterations to form a laboratory for bacteriology.



Impression of the warehouse and offices to be built at Brentford, Middx., by Henry Boot.

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THE MANAGEMENT PAGE

PILKINGTON BROTHERS, the British inventor of the revolutionary float glass manufacturing process, is setting out to capture a significant slice of the major EEC flat glass markets where French-based conglomerates have held a virtual monopoly for the past decade.

The move will bring Pilkington into direct conflict with BSN-Gervais-Danone and Saint-Gobain-Pont-à-Mousson, which together came to dominate the Continental European flat glass markets following a series of takeovers and mergers in the late 1960s and early 1970s.

The decision to pursue a greater share of the European market forms a major plank in Pilkington's overseas expansion policy. The group will also increasingly seek strategic stakes in those overseas companies that take up licences on the float glass process.

This is in marked contrast to the group's earlier policy of seeking largely cash royalties and technical fees in return for licences. It is further evidence that Pilkington has become increasingly aware of the need to step up its investment in manufacturing and new products before the licence income from float starts to run out in the mid-1980s. When many of the major licences expire at this time the licensees will no longer have to pay a royalty to use the float process.

The discovery by Pilkington some 20 years ago that flat glass could be made more cheaply and easily by floating it on a bath of molten tin had an impact on glass-making similar to the effect Henry Ford's assembly-line had on car production.

The float process not only revolutionised flat glass production but acted as a spur to an extensive rationalisation within the glass industry, the effects of which have still not been fully resolved.

Concentrated

Pilkington's discovery of float forced other glass manufacturers in the 1960s to switch production techniques almost overnight and the high cost of installing new plant meant that only the larger cash rich organisations could survive. The result has been to increase the concentration of manufacturing power within a small group of companies operating out of the UK, France, Japan and the US.

Pilkington, unlike its rivals, has been able to use royalties from its float glass process—almost £120m in the past five years—as a springboard to expand and modernise production. It is currently spending around £70m to build its fifth UK float glass plant.

Other manufacturers have been less fortunate; in 1972 the

Andrew Taylor describes how Britain's major glass manufacturer is planning for the time when licensing income from its revolutionary float glass process begins to decline during the mid-1980s

Pilkington: out to crack new markets

strain became too much for Glaverbel, Belgium's largest flat glass producer. After a brief struggle Glaverbel was taken over by BSN-Gervais-Danone—one of the two French flat glass majors.

Glaverbel's problems were two-fold. It badly needed cash to build a second float line at a time when one of its major export markets, the US, building industry, had turned sour. Its export position—and the group relied heavily on exports generally—had not been helped by the imposition of a 10 per cent import surcharge in the US.

Its acquisition by BSN meant a further concentration of manufacturing capacity and prompted a monopolies investigation by the European Commission which was concerned that BSN would control around 60 per cent of the EEC window glass market. Indeed, the tight grip held by BSN and Saint-Gobain-Pont-à-Mousson on the continental European markets has twice been criticised by the French authorities for its monopolistic tendencies.

This pattern of concentration is not unique to Europe, however. It has been emulated in a few select countries, with the resultant creation of sharply defined geographical markets in which individual companies have developed a vertical monopoly. Indeed Pilkington's overseas expansion has largely been concentrated in former Commonwealth countries such as Canada, South Africa and Australia or countries with strong traditional ties with the UK such as Sweden. And in the US, flat glass manufacture is dominated by PPG Industries, Libby-Owens-Ford and the Ford Motor group, which makes most of its own glass for its car and truck production.

Pilkington denies the existence of mutually agreed oligopolies but admits that spheres of influence have arisen largely because of historical reasons. It was natural for Pilkington to pursue Commonwealth countries as export markets while it would have been difficult and "dangerous" to attempt to capture a large slice of the US market, it says.

Part of the latest development programme is to expand into the EEC markets. In 1971 exports to Europe totalled £6.5m,

representing 5 per cent of group sales. Last year this total had risen to £85.6m, representing 14 per cent of group sales.

While this total still represents only a small share of the European market, Pilkington believes that it will be able to raise this through increased exports from its four UK plants—with a fifth due to come on stream in 1980—and from its £30m Swedish float plant opened several years ago. The group does not see any current need to build a new plant on the Continent to supply these markets.

The European flat glass market like the UK market has been going through a rough time since 1973 as the industry's major customers, the construction and the car industry, moved into recession following the oil crisis.

BSN was particularly badly hit as it was spending heavily on replacement float capacity at a time of recession. Between 1974 and 1977 net attributable losses from BSN's flat glass division totalled Ffr 516m while over the same period new investment totalled Ffr 1.2m.

Diversified

Equally Saint-Gobain's flat glass operations faced serious difficulties in the mid 1970s but the European flat glass market now appears to be picking up as construction activity in particular has been improving.

Both Saint-Gobain and BSN are widely diversified in terms of glass and other products and this broad spread of interests provides some shelter in times of recession. Pilkington now is attempting to extend its glass interests at the same time as it seeks new markets for flat glass.

The group's Swedish experience brought it into direct conflict with Saint Gobain which, having rejected the opportunity of taking a stake in the float glass plant strengthened its Scandinavian operations through a series of mergers in what the French group described as a major defensive operation. A spokesman for Saint Gobain said that the group probably would not have stepped up its involvement in Sweden but for the increased presence of Pilkington.

Pilkington has more recently been linked with Saint Gobain



Sir Alastair Pilkington: looking for expansion with new products.

and also BSN—both, of course, which have float glass licences—following its acquisition of strategic stakes in two Brazilian glass companies. As a result of various share deals all three will have a stake in a new Brazilian float plant—the first to be built in South America. Relations between the three, however, may be further strained. Although Saint-Gobain claims the controlling interest, Pilkington

is understood to be determined to control the running and management of the new plant.

The determination to hold at least an interest in the new Brazilian plant reflects in part the group's current policy of pursuing minority holdings in operations seeking to use its float process under licence. In line with this policy Pilkington has retained an option to

acquire a minority stake in Turkey's first float plant and will also take a small stake in the planned Venezuelan float line.

Sir Alastair Pilkington, the chairman and inventor of the float process, says that Pilkington has long recognised the need for expansion overseas—and not just in float glass—so that the group does not become reliant on any one market. He

admits that the group might have been sorely pressed—but for the licence income from float—in the mid-1970s when its major markets in construction and the car industry slumped following the oil crisis. Equally he says that to pursue market share too aggressively and force a price war could prove as disastrous for the flat glass industry as it was for the steel industry.

"Both industries are capital intensive and when markets turn down there is always the temptation to unload excess production by dumping in export markets, but the glass industry has always behaved sensibly on this issue," says Sir Alastair.

Pilkington's expansion plans have not just been restricted to flat glass manufacture, however. It has also been seeking to develop new products.

One of the more successful diversifications has been its glass fibre operations, which now generate around 20 per cent of group sales. Glass fibre for insulation has been particularly successful and profits have been boosted by the growth of the home improvement market and the Government supported energy saving campaign.

The group is also optimistic about its recently developed

"Ten Twenty" safety glass and the long term prospects for its new glass fibre-reinforced-concrete process which it plans to sell under licence—although it recognises that the process cannot have the same impact on the construction industry as float had on the glass industry.

Ophthalmic—especially spectacle lens products—provide a third main product arm, though plans here received a setback when the Monopolies Commission two years ago blocked the group's proposed takeover of UK International, the UK spectacle lens manufacturer. However, Pilkington is now poised to acquire Solar Holdings, which controls around 90 per cent of its local Australian market for plastic spectacle lenses and just as importantly 10 per cent of the comparable US market.

This will give Pilkington its first major involvement in the US; it does export flat glass there from its two Canadian plants and from the UK but this represents only around 2 per cent of the total US flat glass market.

Pilkington, which in the past has been criticised for not making the best use of its float invention, believes that the development of new markets for float glass aligned with its diversification into new technology and products will provide it with a strong base into the 1980s. While Sir Alastair has accelerated this process the job of making it work will fall to Mr. Antony Pilkington, who will take over as chairman in 1980.

Meanwhile, however, Pilkington's European glass rivals are not likely to take too kindly to the company's more aggressive designs on a market which has long regarded as its own.

EXECUTIVE HEALTH

The harsh winter brings fewer soft tissue injuries

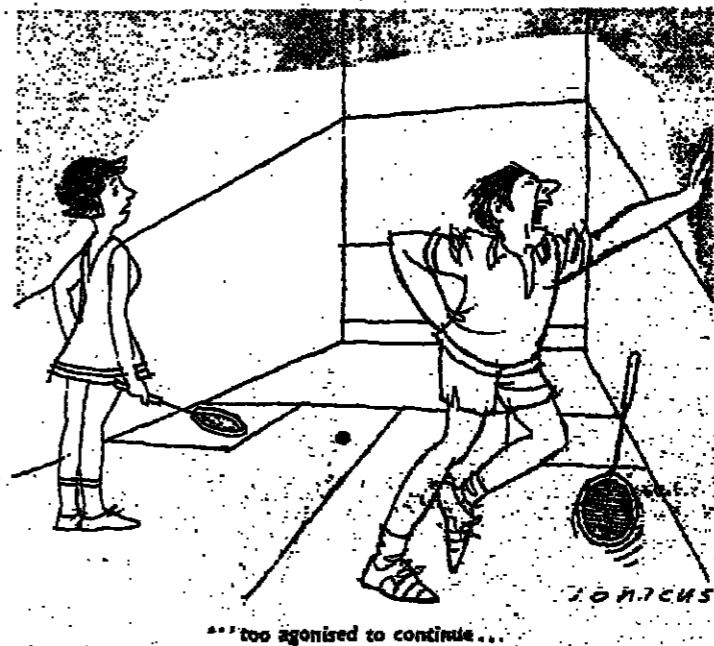
BY DR. DAVID CARRICK

WHEN THE blue tit came tapping urgently and indignantly at my window in late October, some six weeks earlier than usual, I was rather pleased; particularly so when I noticed the unusual splendour of their plumage. Pleased because, over many years of observing country weather-love, I felt certain that a severe winter was on the way. Many may consider my pleasure to be somewhat perverse. However, my delight was motivated by sheer selfishness because I hoped that, if those tiny forecasters were right, then there would be a reduction in the number of soccer and rugby fixtures and, therefore, a similar reduction in the Monday legion of the

halt and the lame limping in to seek magical cures to enable them to injure themselves again on the following Saturday.

So it has indeed come to pass. Since the last days of December, snow has prevented play on lushy ground has cushioned the impact of sweaty men on slimy soil. And even the jogging craze has been dampened so that the over-enthusiastic seekers of eternal life have been disheartened and the number of those suffering from the results of manic pounding and wobbling too far too soon, has decreased. True this has been slightly offset by an increase in fractures and dislocations among the totally obsessive, superbly fit, twenty-milers slipping on ice even before flying off to enjoy skiing accidents in more expensive countries.

But some games can be played indoors, notably those involving racquets. And, alas, many novices, frustrated by outdoor forms of masochism, have been stumbling into trouble. In my experience, the regular, first-class amateur player seldom suffers serious injuries. But our novice not infrequently over-exerts himself and, through bad technique coupled with over-enthusiasm, can obtain a variety of injuries, varying from teno-synovitis (a painful condition due to sudden insults tendon-sheaths through which the tendons have to pass). Not only can the pain be considerable, but response to treatment is usually very slow. Indeed, such treatment is embarrassingly negative, consisting only of resting of the parts in-



...too agonised to continue...

know? Rather disappointingly simply.

Playing an equal he would not have had any problem. But not only had he been trying to teach a novice, the novice was his beloved fiancée. Obviously, his pride prevented him from losing against his professed rival, so that, to try to counter her weird and wonderful shots, he had to contort himself and thus suffered. Incidentally, the poor chap had to concede the match as he was too agonised to continue.

This man had right-sided fibrositis of the great trapezius muscle, parts of which were in considerable spasm. I did my best for him and he asked if I could be asked to play in a match in three days' time. I advised against the experiment for a very good reason. Americans employ a very descriptive phrase about injured athletes: "He sure is favouring his left leg," for example. When an individual does just that, there is a strong possibility that he will overdo the other side and have two problems. Better by far, then, to have a few weeks' rest rather than be wrecked for months.

I apologise for being pessimistic about soft-tissue injuries, but it always remains that they can be far more tedious than fractures which, following setting, are encased and thus permitted to heal. Again, at the risk of further perverse thinking, the patient with a fracture receives sympathy; but the one who has to confess to "housemaid's knee" may, under some circumstances, be subjected to derision.

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26th January, 1979



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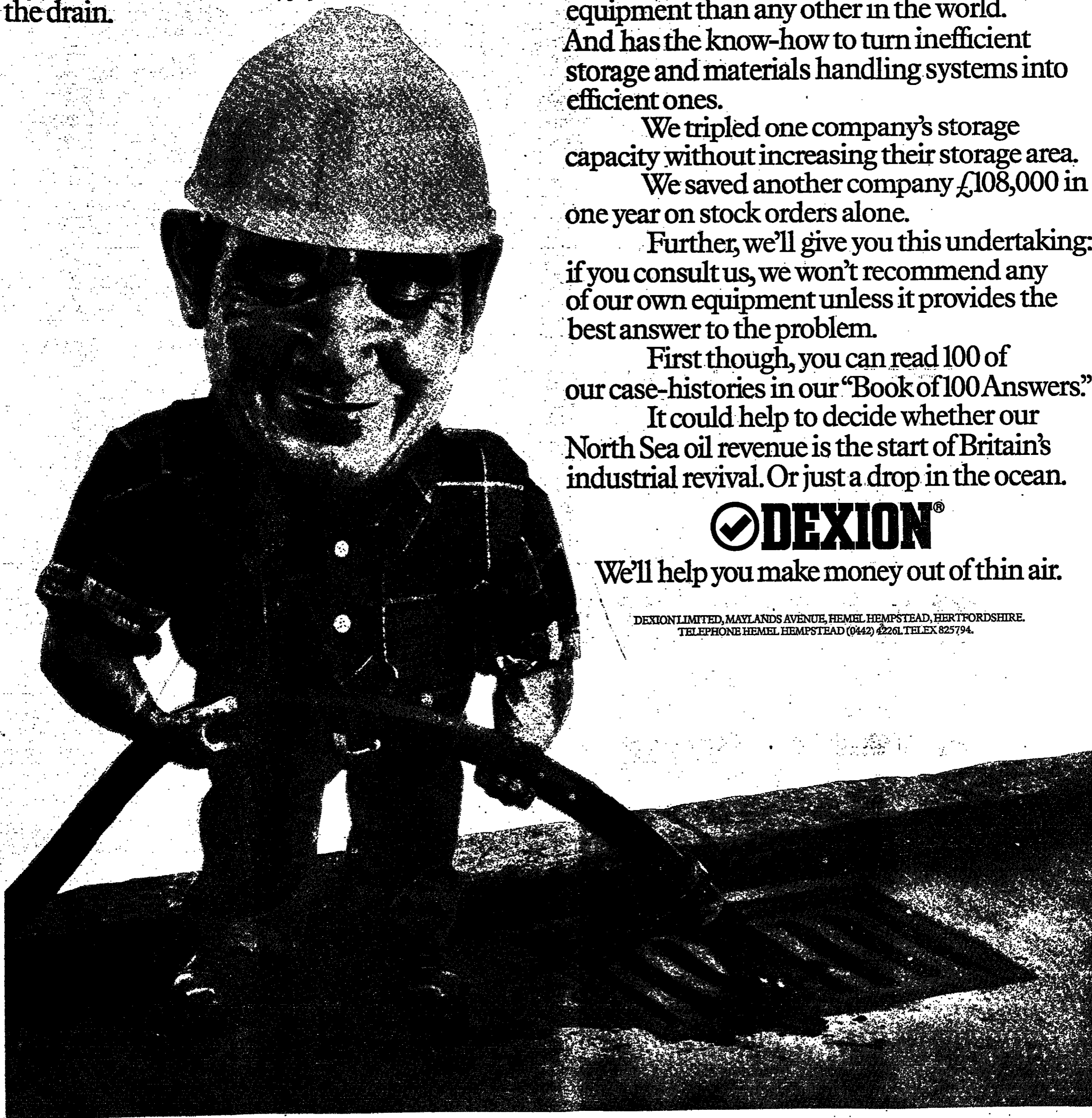
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Where half of North Sea oil is going this year.

LOMBARD

The search for spending cuts

BY PETER RIDDELL

CUTS IN public spending below the level planned for the next couple of years are now obviously back on the Whitehall agenda...

Cosmetic cuts

This can lead to the adoption of largely cosmetic cuts. It is certainly true that the three reviews of spending in 1975-76 produced a fundamental change of direction in the growth of public expenditure...

The focus

This does not however mean that the present distribution of cash benefits and subsidies is ideal or unchangeable. Indeed an article in the January issue of Economic Trends shows that for a large number of households in the middle of the income range, tax payments are only slightly less or more than cash benefits and subsidies they receive...

Cheap divorce is midwife to overdue reform

THIRTY YEARS AGO when this country blazed the trail of modern systems of legal aid as part of the nascent social services, Parliament proclaimed that its purpose was to make legal aid, advice and assistance available to people of small and moderate means...

THE WEEK IN THE COURTS

BY JUSTINIAN

IN the public for legal services. If no one has been able to measure the precise extent of this need, there is little doubt that the mushrooming of the law centre movement has brought legal services within girth the geographical compass...

Major Thompson and Gaffer look like hurdle champions

IT SEEMS more than possible that we saw both the 1979 Gold Cup and Champion Hurdle winners in action at Newbury on Saturday.

RACING

BY DARE WIGAN

chance to ride one of his power-house finishes. Although the three-quarters-of-length winning margin might not have been completely whittled away but for Ruby...

ENTERTAINMENT GUIDE

Entertainment guide listing various events, performances, and shows across different categories like Opera & Ballet, Theatres, and Cinemas.

TV Radio

- 9.15 am For Schools. Colleges. 10.45 You and Me. 11.00 For Schools. Colleges. 12.45 pm News. 2.01 For Schools. Colleges. 2.15 Songs of Praise. 3.53 Regional News for England (except London).

F.T. CROSSWORD PUZZLE No. 3,895

Crossword puzzle grid with numbered squares for letters.

- ACROSS: 1 Please don't leave the hymn (5, 4, 3). 2 Pass on stamp (3). 3 Staring at love feast (5). 4 Beer a Celt brews to go on the town (9).

- BBC 2: 7.55-7.55 am Open University. 10.30 Working With Young People. 11.00 Play School. 1.15 pm Let's Go. 2.30 Shakespeare in Perspective.

- GRANADA: 1.20-1.25 Monday Matinee: "Wander Take All". 5.10 Monday The 2000 Year Old House. 5.15 Crossroads. 6.00 Granada Reports. 6.30-6.45 Granada Reports Politics. 12.00 Police Surgeon.

- ATV: 1.20 pm ATV Newscast. 5.15 Give Us A Clue. 6.00 AT Today. 11.25 Our People.

The winners of last Saturday's prize puzzle will be published with names of winners next Saturday.

THE ARTS

Birmingham Rep

The Merchant of Venice

by B. A. YOUNG

"Venice is the one city Shakespeare really characterises," says Professor Bradbrook in her latest delightful book, Shakespeare: the Poet in his World (Weidenfeld and Nicolson £9.95). But Bill Pryde directing The Merchant of Venice for the Birmingham Rep, is caught up on Barry Jackson: "Shakespeare in his plays clearly cared little about details of historical accuracy."



Marjorie Yates, Christian Burgess, Gil Brailley, Peter-Hugo Daly and Mark Wing-Davey

Olivier

A Fair Quarrel

by B. A. YOUNG

The most interesting thing about A Fair Quarrel is its depiction of the roaring boys, with their private language. To say it is the most interesting thing is not very much, for A Fair Quarrel is not a very interesting play; but roaring boys turn up quite a lot in the literature of the period (early 17th century), and it is nice to have a close-up of them. No doubt in another three centuries and a half there will be a similar interest in the punks.

untruthfully that yes, she has once been unfaithful to her late husband. The Captain is forked up-on to the horns of a dilemma: he cannot meet the Colonel if the Colonel's charge is true. Luckily the Colonel calls him a coward, and this gives him fresh grounds for a quarrel, and in this the Colonel is seriously wounded. He survives, however, while all his money to the Captain and asks him to marry his sister.

Festival Hall

Concertgebouw Orchestra

by RONALD CRICHTON

For the last London concert of their tour, on Friday evening, the Amsterdam orchestra under Haitink gave a radiant performance of Mahler's Fifth Symphony. As an interpretation it lay between the kind of lucid but impersonal laying-out which tells much but not the whole story and the over-personalised approach heading for blazing emotion all the time.

Brooklyn Academy of Music

The Dodger Theatre

The Brooklyn Academy of Music has turned to another Englishman, David Jones, to head the BAM Theatre Company. An artistic director with the Royal Shakespeare Company for many years, David Jones takes over in September the job previously held by Frank Dunlop.

consciousness. Barrie Keeffe is obviously of the Arts Lab generation of young playwrights. The three acts of Gimme Shelter were originally three one-act plays produced at the Poly in London. Revolution by now has devolved to sitting alone at the firm's annual cricket outing, spouting class slogans and mocking the firm's cricketers in the secure knowledge that they could do better.

Wigmore Hall

Shostakovich Quartets

by RONALD CRICHTON

The Fitzwilliam Quartet have special knowledge, and understanding of the string quartets of Shostakovich. They were in personal contact with the composer, who enabled them to give the first British performances of the last three, who paid a visit to York, where the Fitzwilliam were resident quartet at the University, to hear them play No.13, and who remained in touch with them up to his death. On Saturday they embarked on a complete cycle at the Wigmore Hall. They have done this already at Warwick and, on gramophone records (all made, one still to be issued), for Oiseau-Lyre. There was a good audience for the first concert and a respectable attendance for the talk given earlier in the day by Ian George, the quartet's viola player, spokesman and notewriter.

Albany, Deptford

One Gun Salute

by MICHAEL COVENEY

Shortly after my last visit to this friendly café-theatre in Deptford, the premises were gutted by fire. The roof destroyed. That incident occurred last July and the damage amounted to £68,000. Thanks, to insurance, a Job Recreation grant, a fund-raising appeal and the hard work of two resident carpenters, the Albany re-opened in December. Arson has never been proved, but feeling against the place was running high among local National Front personnel, on account of the Albany's association with the Rock Against Racism campaign. In May, the Front had fielded 26 candidates in neighbouring Lewisham's local elections.

CRICKET BY TREVOR BAILEY IN SYDNEY

Worst Australia XI in memory

THE ATTENDANCE on the first two days of the Final Test at Sydney was disappointing—about half the number who turned up a week ago on the same ground to watch the clash between Packer's Australians and the Rest of the World. The small crowd represented a clear indication of how disillusioned supporters have become with the Australian national team, who have already lost the Ashes and look to be heading for another heavy defeat.

England, they would have been dropped from the National XI which, in addition to the disappointment, would also mean a considerable loss of income. The Australian Test and state cricketers are usually able to combine their cricket activities, for which they are increasingly well rewarded, with a regular job outside the game. The majority of companies are prepared to release members of their staff to represent their state or country.

TENNIS BY JOHN BARRETT

New talks on Grand Prix row

EVEN WHILE Bjorn Borg and Jimmy Connors were yesterday disputing the final of the \$300,000 Pepsi Grand Slam for the third year in succession at the Florida resort Boca West, a country-club complex where golf courses and tennis courts are abundant among palm-strewn lawns and lakes, discussions were proceeding behind closed doors that will affect the future of the men's game.

He even maintained that if Wimbledon or the U.S. Open failed to co-operate and were therefore debarred from the Grand Prix, there might be competing events staged against them within the competition. Dell maintained that it was reasonable to ask players to nominate in priority 10 tournaments in the \$175,000 category, and 10 in the lower categories, from which the council would attempt to distribute players fairly across the season by selecting three from each player's two groups. Although the council hoped to introduce the new rules on January 1, such was the furore among the players mentioned that the date for signing was put back to March 1.

FINANCIAL TIMES

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Monday February 12 1979

Iran: time for discretion

THE Ayatollah Khomeini, Iran's messianic religious revolutionary, appears to have smashed through the last defences of the old order. After 14 years in exile and less than a week in Iran he has driven the Shah into exile, brought the economy of the world's second biggest oil exporter to its knees, provoked unprecedented civil strife and swept away the assumptions upon which a great imperial dream was to have been built.

Last night, after a bloody weekend which brought the country to the verge of full-scale civil war, the army withdrew to barracks and Mr. Shapur Bakhtiari, the Shah's last Prime Minister tragically conceded defeat, amid worrying signs that the Islamic revolution was reeling dangerously out of control. The major question now is whether the Ayatollah can control the forces he has unleashed and, if so, what happens next?

Major interest

It is far too early to make any judgment about the coming weeks if only because the nature of the Islamic Government which the Ayatollah wishes to set up is itself far from clear. This makes it virtually impossible to forecast accurately what opposition it might meet. But the situation is fraught with dangers both for the people of Iran and for the West which still has a major interest in seeing stability return to a strategically important country whose influence in an increasing volatile area vulnerable to radical intervention could still be great.

Perhaps the most striking aspect of the present turmoil is the speed with which the flames of the Islamic revolution engulfed the 50-year-old Pahlavi dynasty. This is also the most worrying aspect of the situation. All the Shah's efforts—his hand-picked army, the secret police, the handouts, the massive support from the West—clearly failed to amount to much more than a house of straw. In the end it took little more than a few well-chosen words by the Ayatollah to blow it down leaving, it seems, a political vacuum of quite frightening proportions in its place.

A threat to the rule-book

THE Stock Exchange is dismayed at having been sent to the Restrictive Practices Court without consultation with ministers. Yet it would have been surprising if, at this late stage, the Government had decided to rescue the Exchange from the processes of the Restrictive Trade Practices Act. Because of a rule book instructing its membership how, and at what price, to trade in securities the Exchange has been bound inexorably for this court since the Act was amended to include the service sector in 1976. The time for a determined plea of exemption by the Stock Exchange has come very late in the day. It has coincided with another of those moments when the Labour Government is having to demonstrate its distance from the business establishment in order to coax greater cooperation out of organised labour.

Yes there has since 1976 been an obvious inconsistency in the way the Government has allowed the Exchange to slide into the arms of this court. It was in that year that the Government declared itself at least temporarily committed to the principle of self-regulation of the securities markets. The Government set up the Wilson Committee to look more deeply into this question (among many other things). It was partly to respond to the Government's leaning towards self-regulation—and to give the Wilson Committee more to report on—that the City establishment set up the Council for the Securities Industry.

It is perfectly clear that self-regulation of a market must involve self-imposed "restrictive practices" of some sort, whether or not of the type which the Stock Exchange has developed over the last century. The point is that the Stock Exchange is now in the grasp of a Court which is obliged to regard a free-for-all as the norm and not allow restrictive practices to continue if they can be squeezed through certain pre-ordained "gateways."

A central element in the situation and one which may well hinder the rapid transition to stability is that the forces at play are diverse and may not, at this stage, be showing their true colours. Essentially these are the army—most of it at the higher levels—aligned to the civilian pro-Shah elements on the one hand and the great coalition of forces for whom the Ayatollah is a symbol of change on the other.

The Ayatollah's first task, assuming that the mobs which were last night rampaging through the streets of Tehran can be controlled, is to forge a consensus out of most of these groups on where Iran should go next. One of the few encouraging developments since the Ayatollah's return has been that his actions—such as the delay in appointing a full provisional government—have tended to be less inflammatory than his pronouncements. This suggests an underlying willingness to compromise, although he might have been more forthcoming in preventing the uncontrolled anger of his supporters.

Wise course

Having restored calm the Ayatollah will presumably attempt to form a government based upon a broad coalition of forces and backed by the army. This will take time. It may also backfire several times causing more bloodshed given that the stakes are so high and that feelings on all sides are still running strong.

In this volatile situation the wisest course for outside powers would be to watch closely not to intervene directly. This goes for Moscow as well as Washington. If there is any such thing as a high level Soviet-American dialogue it should now come into play.

IF EVENTS in Iran have demonstrated anything it is that if there is a world energy crisis, it is political rather than economic. Most predictions of world shortages of key raw material or energy sources have come unstuck, starting with Jevons' 19th-century forebodings about the impending disappearance of coal which succeeded in worrying even as convinced a free trader as William Gladstone.

Conservation measures

Clearly the disappearance of Iranian oil makes a hole in the total. On the other hand production in other countries has some elasticity. Productive capacity is a term of art, including a judgment on the state of facilities and of government imposed ceilings. Official OPEC productive capacity without Iran is 28m barrels, giving a gap of 3.5m or over 6 per cent of world consumption. Mr. Garry Gray, the senior economist of Bankers Trust, New York, reckons a flexible application of production limits by Saudi Arabia, Abu Dhabi, Kuwait and Venezuela could close the gap.

This is not something on which to bet a great deal of money; but one's worries relate to political half-heartedness rather than physical impossibilities. Should more modest increase would bring problems enough. It has been pointed out that the bidding up of prices at crude oil auctions in 1973 helped to trigger off the oil cartel's action on petrol prices. The Organisation for Economic Co-operation and Development (OECD) calculated in 1978 that every 10 per cent rise in the price of oil now adds nearly 1 per cent to the inflation rate of member states and \$12 to \$14bn to their combined import bills. At the same time OECD forecasters reckoned on a 5 per cent increase in the oil price and a rough constancy in inflation rates among the average of the main industrial countries. The 14.5 per cent phased increase actually agreed in Abu Dhabi

shortage on one or two companies may have given rise to distorted comparisons, with 1973-1974. Also clearly the U.S. Energy Secretary, Dr. Schlesinger, has an interest in emphasising any dangers which could accelerate U.S. energy saving measures. A different view has been taken by Dr. Ulf Lantzke, Executive Director of the Energy Agency, who has said that oil stocks in the 19-member countries amount to 120 days' net imports, compared with the official minimum of 70 days.

There is a normal seasonal rundown of about 2m barrels a day from the beginning of this year to the end of March, which could reach 3m because of Iranian events. The gap is of a size which quite modest conservation measures could close. Looking further ahead, the Iranians will have to resume some oil exporting if their economy is to avoid complete disintegration. On the other hand there could be shocks and surprises in other parts of the world.

The big difference with the events of 1973-4 is on the price side. Dollar oil prices rose in the aftermath of the Yom Kippur War to over four times their previous level. The rise more than compensated for a long period in which the real price of oil (relative to manufactured goods) had been falling, and the OPEC countries moved almost overnight from being a small corner of the world economy to a major force, and acquired a current payments surplus on a scale exceeding that of Germany and Japan. Having raised the crude price from less than \$3 per barrel in 1973 to nearly \$12 in 1974, another rise on that scale is unthinkable without at least a major catastrophe in Saudi Arabia.

But even a proportionately more modest increase would bring problems enough. It has been pointed out that the bidding up of prices at crude oil auctions in 1973 helped to trigger off the oil cartel's action on petrol prices. The Organisation for Economic Co-operation and Development (OECD) calculated in 1978 that every 10 per cent rise in the price of oil now adds nearly 1 per cent to the inflation rate of member states and \$12 to \$14bn to their combined import bills.

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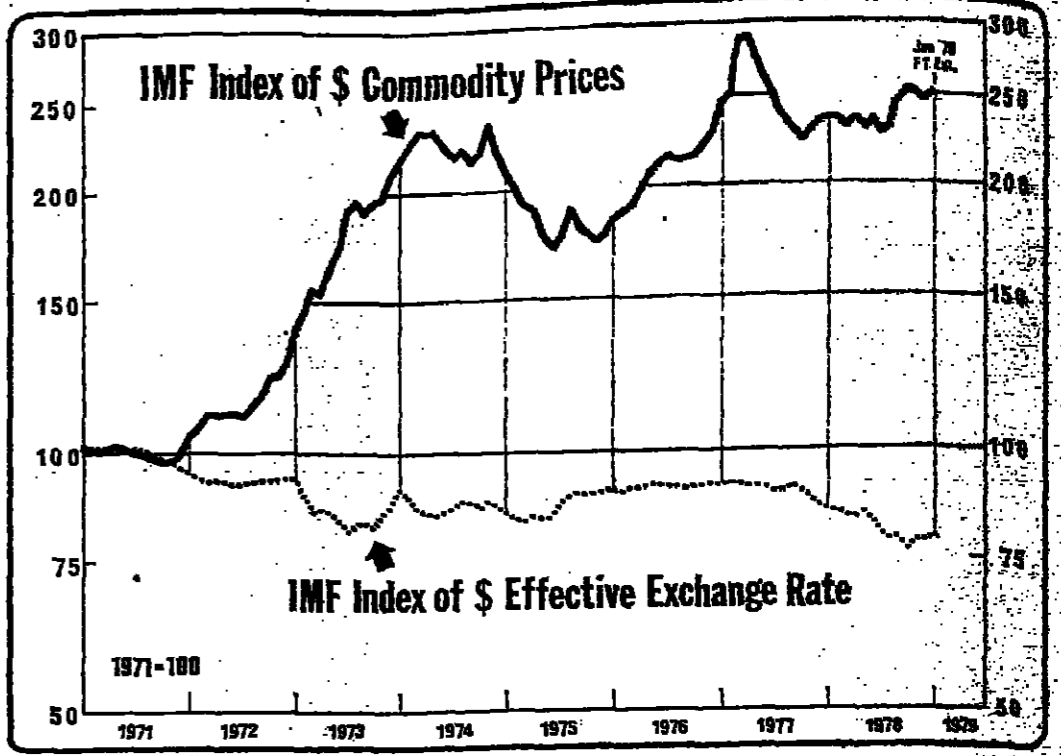
last December for 1979 amounted to an average increase of 10 per cent through the year and would then have added 1 per cent to average inflation rates. About the most optimistic outcome that one can hope for is that most of the planned increase will take place early in the year, with that being that. This would then add about 1 per cent to world inflation. If oil prices were to rise by 50 per cent, the impact effect on OECD inflation rates would be nearly 2½ per cent.

After the 1973-74 oil price explosion the OPEC countries spent their surpluses far more quickly than the sensational forecasts then in vogue assumed (indeed that was part of Iran's trouble). The combined OPEC surplus fell from nearly \$60bn in 1974 to an estimated \$11bn last year and a predicted \$1bn in 1978. This is now likely to be a good deal larger (despite Iran's shift to heavy deficit). Exports to Iran amount to about 2 per cent of the total exports of industrial countries and amount to hardly 1 per cent of their combined national product. So even on the crude view that the resources involved cannot be switched elsewhere, the risks of the export cancellation triggering off a world slump are small. And of course some of the orders might end up being supplied to other OPEC countries whose revenues will benefit.

The simpler alarmists

Experience has also shown that a larger OPEC surplus does not make the hole in world demand that the simpler alarmists suppose. The revenues are either spent or recycled via the banks and capital markets to the countries whose own deficit increases as a mirror image. The recycling process, can, of course affect exchange rates; and the instinctive reaction of the foreign exchange market so far has been to mark the dollar down and fortify sterling, thus giving the British Prime Minister and Chancellor another few weeks—or is it days?—to finalise their budgetary strategy.

A more acute anxiety arises from the uncertainties surrounding Iran's debt on the international banking system. These debts are estimated to be in the \$8bn to \$12bn range. They are in large part covered by Iranian reserves, mostly held as foreign currency deposits, even if these are not as high as



the \$11bn officially claimed. The UK is in fact a net debtor having borrowed from Iran for balance of payments purposes. It is, after all, not all that long ago that Lord Barber and Mr. Peter Walker went to St. Moritz to woo the Shah for loans and orders.

Although Iran accounted for about 1 per cent of total Euro-dollar issues and medium-term Eurocredit in the last couple of years, there is still a fear that individual banks and institutions may be excessively exposed; and that this could with bad luck have a snowball effect on other institutions. People with fears on this score will be quick to add that there are other countries in almost as vulnerable a position as Iran, and whose credit rating could easily plunge. Will Iran then in 1979 be if not the Creditanstalt of 1931, at least the Herstatt?

Probably not. The world's central bankers agreed firmly, but informally, some time ago to act as lenders of last resort to the Euro-dollar market. The exact implications have deliberately not been spelt out. But the aim is to protect the depositors of banks which get into trouble without guarantee against loss the banks themselves. The model is clearly that of the "lifboat" rescue of the secondary banks by the Bank of England.

One important banker who persisted in probing into these matters too closely was told: "Don't worry, we will be discussing these problems with your successor." Perhaps, however, a little less secrecy would help to quieten the anxieties of those who are always on the look-out for "another 1931" and by their fears make a crash slightly more likely.

The real reason why the world economy today is not comparable to 1974 is that five years ago an inflationary boom

had just burst, in which output and prices were rising simultaneously at rapid, although differing, rates throughout the industrialised world. This itself helped to trigger off the oil price explosion, as well as a major rise in commodity prices. There is simply no comparison between the increase of about 140 per cent in the IMF commodity index between the trough of October 1971 and its peak of March 1974, and its most recent sustained rise of 50 per cent between mid-1973 and mid-1977. In between these two periods the index had actually fallen by over a quarter.

Currency hedging

It is true that it has been tending to rise again in the last few months, although the extent of the rise has been aggravated by the fall in the dollar as far as many of the indices are concerned. Metals have been rising in the last few weeks more quickly than commodities in general; and there is clearly an element of currency hedging here, reflected most spectacularly in the rise in the gold price.

In contrast to the period up to 1974, governments and central banks have been much more cautious about responding to unemployment and stagflation by monetary and fiscal boosts. The money supply in the main industrial countries has risen less than in the early 1970s; and if budget deficits are higher, this mainly reflects a rise in the savings ratio, both domestically and in the newly-rich OPEC countries.

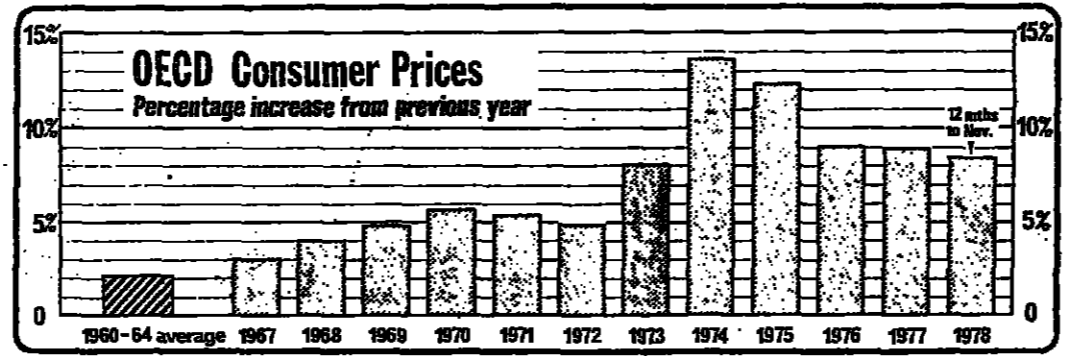
As the chart shows, the inflation rate in the main industrial countries is about as high as it was in 1973; but at least the rate of inflation has itself

remained fairly steady for over three years, compared with the trend rise from one cycle to another in the late 1960s and the early 1970s.

But this stability, itself only a relative stability, brings its own problems. With inflation rates averaging only a little under 10 per cent, it would not be easy for central banks to adopt a purely passive attitude to an extra 2 or 3 per cent in the price index coming from OPEC and other supply pressures. It would indeed be unwise to follow a policy so severe as to reduce overall price increases did not rise at all compared with 1977 or 1978. But even to finance a one-percentage increase in the price level, as occurred after the OPEC rise of 1973-74, could imply a squeeze on real demand and activity.

This would be so if oil prices and commodity increases led to a threatened long-term upward shift in inflationary expectations which the authorities would have to try to fight off. Stagflation would also be intensified if union or other barrier resistance to the necessary check to living standards were to show itself in wage push. In that case the rate of unemployment required simply to prevent inflation from running away altogether would rise some more on a world scale.

As the figures and charts indicate, the size of the new twist that could be given to the stagflation problem is smaller than that which occurred in 1974, but we already start from a higher level of recorded unemployment; and the relative stability of the inflation rate has been achieved at a historically high level. Thus the world is in a slightly more stable position to face a moderate shock, but it is stability at a lower level of performance.



MEN AND MATTERS

Scoring a try off the field

Cynics suggest there is a trace of political convenience in the appointment of the former Springbok captain, Dawie de Villiers, as South African ambassador to London. His rivals for the part were all Cabinet ministers, which would have forced a Cabinet reshuffle on the Prime Minister P. W. Botha. Mr. Botha is not enthusiastic about making any changes just now, since this would certainly mean elevating the arch-conservative Dr. Andries Treurnicht to full Cabinet rank. Mr. De Villiers' appointment at 38 he is the youngest-ever South African ambassador to Britain—could, however, prove a shrewd diplomatic move in its own right. An ordained dominie of the Dutch Reformed Church, also a university lecturer in philosophy, as well as one of the leading young Turks in the aging ranks of the ruling National Party, Mr. de Villiers displayed his talents as a diplomat on the 1965/70 Springbok tour, which faced full-scale anti-apartheid demonstrations at every stop.

At home he is regarded as one of the most "liberal" National Party MPs, and even has the distinction of being howled down for being too radical. His own feelings for Britain are certainly fond. He first visited London on a student scholarship in 1963, playing his last game of rugby as scrum half for the Presidents' XV at Twickenham for the 1971 Rugby Football Union Centenary. He currently lives in Twickenham Road, Johannesburg.

An after-taste

It is a sentimental article of faith that no one in Fleet Street is pleased by the Times Newspaper debacle; all the same. The Observer must have breathed a huge, if silent, sigh of relief at increasing its circulation by something like 50 per cent, to past the million mark.

Noticing nature

The National Coal Board thinks there may be coal in East-Fife. Quite coincidentally, it has struck East Fife Fliters that they are living in an Area of Outstanding Natural Beauty, or AONB. AONBs abound now, particularly in areas where the NCB suspects there may be coal.

Bird bonanza

As the crowd filling the Royal Festival Hall on Saturday night well showed, one of Britain's healthiest growth areas is bird-watching. Members of the Royal Society for the Protection of Birds were flocking together for a festival of film—the longest of which had been financially underwritten by Gulf Oil.

Dialling tone

Despite the well-known glamour of its existence, every foreign correspondent has moments of frustration, often occasioned by telephone. In Moscow these moments are compounded by the fact that the Moscow telephone directory was last printed eight years ago, is virtually unobtainable, and does not list foreigners' telephone numbers. My colleague, David Satter, tells me all that has now changed, thanks to Victor Louis, a Soviet citizen accredited as correspondent of the London Evening News, and his wife Jennifer. They have compiled a list of telephone numbers for all embassy staff, businessmen, and correspondents, called Information Moscow. It also lists Soviet ministries, foreign trade organisations, and news-

papers, and has been pounced on by large numbers of people, Russians as well as foreigners. Satter finds it useful too. Those who want to get in touch with him may find it less so: the number listed for the Financial Times is wrong.

Two wise men

It is not only the poor mortals who are confounded by the complexities of the EEC. The Green Pound is, I am told, not the favourite topic of conversation among the Olympians of the Berlaymont either. Word from Brussels has it that of the three remaining officials who understand the agrimonetary mechanisms, one has gone mad and the other two are not allowed to travel in the same plane.

Most outstanding at the moment is the Vale of Belvoir AONB, where the board wants to build a large mining complex. Vale of Belvoir residents, many of whom are commuters and so able to look at the Vale through fresh eyes, regard it as an AONB little short of a wonder of the world.

East Fife fliters are by and large not commuters, having fished or farmed on their flat and rather plain AONB for several centuries. But they have been accustomed to mines being somewhere else, namely in West and Central Fife, and to regarding miners as unstable people who vote Labour. Thus when the Fife Planning Committee was given the shock news last Friday that the NCB intended to sink several bore holes in East Fife, several councillors realised that their duty was to preserve the face of Scotland.

An exception was a councillor from Dunfermline, where the face of Scotland is distinctly ravaged already. He considered it hardly reasonable to hold up the development of the region on such flimsy grounds.

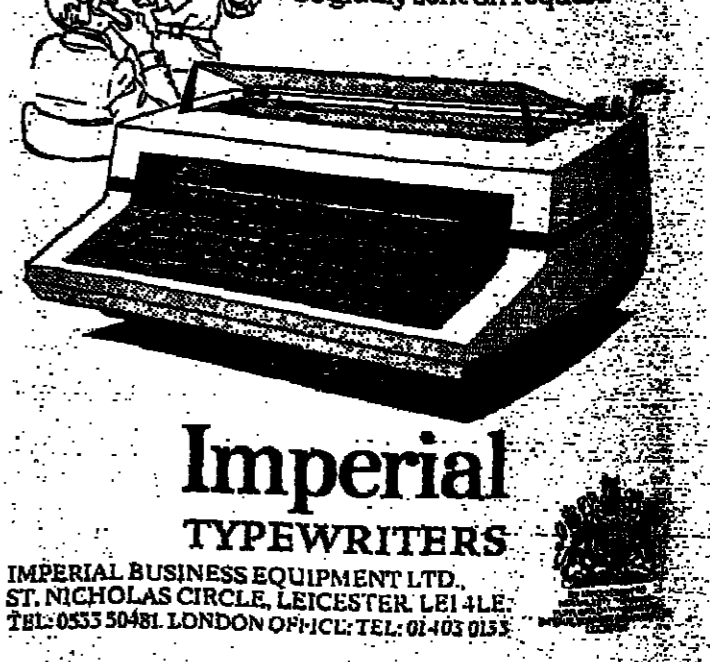
War looms if the NCB strikes the lucky. One of the sites chosen is not only an AONB, it is the site of the Fife Hunt's point-to-

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FINANCIAL TIMES

Eurobond Quotations and Yields



THE ASSOCIATION OF INTERNATIONAL BOND DEALERS

At 31st JANUARY, 1979

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The Association's prices and yields are compiled from quotations obtained from market-makers on the last working day of each month. There is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone between dealers scattered across the world's major financial centres. Membership of the AIBD (which was established in 1969) comprises over 450 institutions from about 27 countries.

Eurobonds in January

BY JOHN EVANS

The international bond markets opened the new year on a subdued note. But this gave some sections of the market a useful breathing space to allow consolidation, paving the way for a new issue calendar in dollar bonds that approached some \$1bn of issues by early February.

However, the best-performing sector in January was the French Franc Eurobond market,

which had reopened in late 1978. January also had some significant relaxations in Japan and Switzerland of capital regulations originally designed to restrict investment in the two countries' capital and bond markets.

The Eurodollar bond sector opened January with some sharp price falls, which created yields of 10 per cent or more on many seasoned issues. The

continued uptrend in dollar interest rates and international reservations over the Carter administration's economic policies, particularly on inflation, helped create pressure on fixed-interest securities.

The new issue side of the dollar market virtually remained closed, before West German chemical group Bayer brought a \$200m Eurobond with an equity-linkage via Deutsche Bank mid-month.

This warrants-attached offering attracted widespread comment. The warrants on the 10-year deal, with a coupon of 7½ per cent and pricing of par, can be used to purchase Bayer shares over the next 10 years.

Each \$1,000 bond will carry detachable warrants, which can be used to buy 13 Bayer shares at DM 136 each. Based on the mid-January price of Bayer shares—DM 137.10—13 shares would have a market value of about DM 1,782.

The Bayer flotation did not meet with universal acclaim, and some analysts pointed to the company's relatively sluggish earnings record as possibly detracting from its attractiveness. Nevertheless, the bond performed well in after-market trading.

Later in the month, the dollar

market in general looked in better shape. Continued stability of the dollar and an accelerating retreat by short-term U.S. interest rates from their highs of early January re-created investor interest.

Taking advantage of this market recovery—albeit a possibly brief one based on a transient relaxation in tight American money conditions—new issues started to appear in number. Canada led the surge, with issues for Hudson's Bay Co and New Brunswick Electric Power.

The Deutsche-Mark market had a poor month, after being unsettled by the Bundesbank decision to raise its Lombard rate as part of measures to mop up liquidity caused by past foreign exchange inflows.

One bellwether issue was for

Norway's Statoil, which offered DM 150m over 10 years and coupon of 6½ per cent. These terms suggest that the return for investors on foreign Deutsche Mark bonds are being brought into line with what they can obtain on German domestic bonds.

A maximum of DM 950m worth of foreign DM bonds is to be floated on the German market during February, roughly the same as the actual volume of issues raised in January.

In French francs, the FFr 150m issue for Peugeot-Citroen was increased to FFr 175m and priced at 100½ to yield 9.66 per cent.

This is the first time since last September that a French franc bond has been increased in size. Outstanding franc bonds displayed strength over the

month, and one factor at work is the greater confidence felt in the franc, partly based on its planned membership of the European Monetary System.

In Switzerland, it was decided to lift the ban that had prevented foreigners from buying Swiss securities since early 1978. Simultaneously, a rule was waived which had limited to 50 per cent the proportion of Swiss franc foreign bond issues for which foreign investors could subscribe.

Meanwhile, in Japan, another capital control barrier was dismantled in January. Non-residents will now be allowed to purchase Japanese bonds with maturities remaining of one year and one month or more, a relaxation of the five year and one month cutoff line in force for the past 10 months.

CONTENTS

GROUP HEADINGS	PAGE	GROUP HEADINGS	PAGE	GROUP HEADINGS	PAGE
US Dollars—Algeria	II	—Mexico	III	Euro Currency Units	V
—Australia	II	—Netherlands	III	Euro Units of Account	V
—Austria	II	US Dollars—New Zealand	III	French Francs	VI
—Belgium	II	—Norway	III	Hong Kong Dollars	VI
—Bolivia	II	—Panama	III	Japanese Yen	VI
—Brazil	II	—Papua	III	Kuwait Dinars	VI
US Dollars—Canada	II	—Philippines	III	Kroner (Denmark)	VI
—Colombia	II	—Portugal	III	Kroner (Norway)	VI
—Denmark	II	US Dollars—Singapore	III	Luxembourg Francs	VI
—Finland	II	—South Africa	III	Saudi Riyals	VI
US Dollars—France	II	—Spain	III	Sterling/DM	VI
—Gabon	II	—Sweden	III-IV	Australian Dollar/DM	VI
—Germany	II	US Dollars—Switzerland	IV	External Sterling Issues	VI
—Greece	II	—Venezuela	IV	Special Drawing Rights	VI
US Dollars—Hong Kong	II	—United Kingdom	IV	Convertibles—France	VI
—Hungary	II	—United States	IV	—Hong Kong	VI
—Iceland	II	US Dollars—Multinational	IV	—Japan	VI
—Iran	II	—Supranational	IV	—Luxembourg	VI
US Dollars—Ireland	II	US Dollars—Floating Rate	IV-V	—Netherlands	VI
—Israel	II	Australian Dollars	V	Convertibles—Singapore	VI
—Italy	II	Bahraini Dinars	V	—S. Africa	VI
—Jamaica	II	Austrian Schillings	V	—Sweden	VI
US Dollars—Japan	II-III	Canadian Dollars	V	—Switzerland	VI
—Korea	III	Eurodollars	V	—U.K.	VI
—Luxembourg	III	Euro Composite Units	V	Convertibles—U.S.	VI

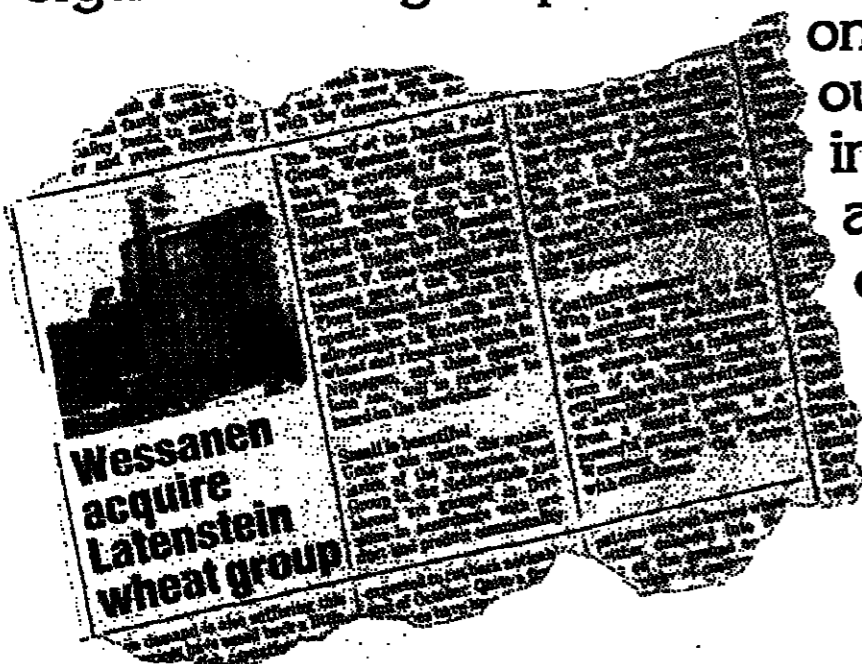
The table of quotations and yields gives the latest rates available on 31st January, 1979. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete. All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for, particular transactions. In quoting the rates the Association does not undertake that its members will trade in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

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Financial Times bond market data tables for various regions including US Dollars, UK Pounds, and other currencies, listing bond issues, prices, and yields.

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Austrian Quotes Quotations and Yields of Austrian Eurobonds

Table of Austrian Eurobonds with columns for Issue, Coupon, Repayment, Price, Current Yield, and Maturity.

(R) Purchase for redemption purposes by issuer possible. The bonds so purchased may be used for redemption according to plan. (...) Repayment at a premium. (G) Government Guarantee. (S) Local Government Guarantee. Yield calculations are based on the middle price.

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Vertical text on the right margin, possibly a page number or reference.

Main financial table with columns for various securities, including bonds, equities, and derivatives. Includes sub-sections like 'INTERNAL SECURITIES', 'EXTERNAL SECURITIES', and 'COMMODITIES'. Contains detailed data for numerous instruments with their respective prices and yields.

INVESTMENT FUNDS
The following funds include Eurobond issues within their portfolios
Quotations & Yields as at 31st Jan, 1979

SOCIETE GENERALE DE BANQUE
BANQUE GENERALE DU LUXEMBOURG

Table of investment fund data with columns: Fund, Price, First Issue, Yield %, Div. Date. Lists various funds like 'LuxFr 822', 'LuxFr 1000', etc.

WestLB QUOTATIONS AND YIELDS

Textual information regarding WestLB quotations and yields, including a note about 'Life' and 'Maturity' appearing in years and decimals.

Continuation of the main financial table from the top page, containing further details on securities, bonds, and market data.

31st JANUARY, 1979

WestLB Euro-Deutschmarkbond Quotations and Yields

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Table of Euro-Deutschmarkbond quotations and yields, columns include Issue, Middle Price, Current Yield, Life, Yield to Maturity, and Repayment D-mandatory drawing by lot at par S-sinking fund.

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Table of Euro-Deutschmarkbond quotations and yields, columns include Issue, Middle Price, Current Yield, Life, Yield to Maturity, and Repayment D-mandatory drawing by lot at par S-sinking fund.

WestLB Euro-Deutschmarkbond Yield Index

January 31st, 1979: 6.48% (December 28th, 1978: 6.36%)

Table of WestLB Euro-Deutschmarkbond Yield Index, columns include Issue, Middle Price, Current Yield, Life, Yield to Maturity, and Repayment D-mandatory drawing by lot at par S-sinking fund.

WestLB logo and contact information for Westdeutsche Landesbank Girozentrale, including telephone numbers and addresses in Düsseldorf, London, and Luxembourg.

Westdeutsche Landesbank Girozentrale

Leading Marketmakers in Eurobonds

Table of WestLB SD Certificates (Schuldschein-Index) with columns for Issue, Middle Price, Current Yield, Life, Yield to Maturity, and Repayment D-mandatory drawing by lot at par S-sinking fund.

WestLB SD Certificates (Schuldschein-Index)

4 years maturity: 6.50% 5 years maturity: 6.75%

Table of WestLB SD Certificates (Schuldschein-Index) with columns for Issue, Middle Price, Current Yield, Life, Yield to Maturity, and Repayment D-mandatory drawing by lot at par S-sinking fund.

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The interest rates per annum applicable to the following US\$ Floating Rate Note Issues were announced during January. These rates are quoted for information purposes only, and should be confirmed prior to the execution of a specific transaction. The rates quoted apply to the six-month periods shown.

Company	1985/83	5 Jan 79	5 July 79	13 1/2%
Nacional Financiera	1985/83	5 Jan 79	5 July 79	13 1/2%
Privredna Banka	1985	8 Jan 79	9 July 79	13 1/2%
BFG Finance Co.	1989/84	10 Jan 79	10 July 79	12 1/2%
CCF (Min. 6 1/2%)	1983	10 Jan 79	10 July 79	12 1/2%
OKB	1983	10 Jan 79	10 July 79	12 1/2%
Adela Investment	1983	11 Jan 79	11 July 79	13 1/2%
CCF (Min. 7%)	1983	11 Jan 79	11 July 79	12 1/2%
Credit National	1988	11 Jan 79	11 July 79	12 1/2%
B.I.A.O.	1983	12 Jan 79	12 July 79	12 1/2%
Indosuez	1981	15 Jan 79	15 July 79	12 1/2%
Ljubljanska Banka	1983	19 Jan 79	19 July 79	12 1/2%
Offshore Mining	1986	19 Jan 79	19 July 79	12 1/2%
B.N.P. (5 1/2% min.)	1983	21 Jan 79	21 July 79	12 1/2%
Boo Nacion Argentina	1983	22 Jan 79	22 July 79	12 1/2%
Kansallis Osake Pankki	1983	22 Jan 79	22 July 79	12 1/2%
Midland Int'l Fin	1993	22 Jan 79	22 July 79	12 1/2%
Petroleos Mexicanos	1984	24 Jan 79	24 July 79	12 1/2%
Indosuez	1985	25 Jan 79	25 July 79	12 1/2%
LTCB	1982	27 Jan 79	27 July 79	11 1/2%
African Dev. Bank	1983	29 Jan 79	30 July 79	11 1/2%
Chase Manhattan	1983	29 Jan 79	30 July 79	11 1/2%
GZE	1981	31 Jan 79	31 July 79	11 1/2%
Inslico Corp.	1980	31 Jan 79	31 July 79	12 1/2%

Interest rates applicable to the issues listed below will be announced during February.

Company	1981
C.I.C.	1981
Arab Int'l Bank	1983
Jugobanka	1983
S.N.C.F.	1985/87
Hapoalim	1983
C.C.C.E.	1988
Credit Lyonnais	1982
Bq. Ext. d'Algerie	1984
Standard Chartered	1990
Credit Lyonnais	1983
Bco do Brasil	1982
ESCOM	1985
I.B.J. (Min. 8%)	1983
L.T.C.B.	1983
B.U.E.	1981
B.N.P.	1982/84
Midland Int'l	1983
B.F.C.E.	1984
Alahli Bank	1983
Williams and Glyn's	1984
Panama	1990



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Names	Close at 7/2/79
HONDA	\$24 1/2
ITO YOKADO	\$87
JUSCO	\$57 1/2
KOMATSU FORKLIFT	\$3.30
KUBOTA	\$28
MAKITA	\$30
MURATA	\$4.75
NIPPON MEAT PACKERS	\$3.10
PIONEER	\$19 1/2
RENOWN	\$3.21
SONY	\$8.00
TAISHO MARINE	\$12 1/2
TDK	\$8 1/2
TOKYO SANYO	\$1.81
TRIO	\$29
WACOAL	\$23 1/2

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Month	12th	13th	10th	15th	12th
February	12th	August	10th	October	12th
March	12th	September	10th	November	12th
April	10th	October	15th		
May	14th				
June	12th				

December 10th

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The conference will be opened by an address by the Rt. Hon. Harold Lever, Chancellor of the Duchy of

Lancaster. Other speakers will include, Dr. Charles A. Coombs, Director and Consultant, First Chicago International Banking Corporation; Mr. S. M. Yassukovich, Managing Director, European Banking Company Limited; The Rt. Hon. Lord Chalfont, Director, IBM (UK) Limited; Mr. Norman Robertson, Senior Vice-President and Chief Economist, Mellon Bank NA; Dr. Klaus Wieners, Senior Vice-President and Chief Economist, Westdeutsche Landesbank Girozentrale.

For full details of the agenda, and registration procedures, complete and return the coupon below.

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Selected Austrian Schilling Bonds of Austrian issuers	Middle Price	Yield to average life	Current Yield	Redemption (mandatory drawings by 100)
maturity up to 5 years				
8 % Österreich 1973/B/81	101,25	7,74	7,90	15. 277-81 at 101,0
8 1/2% Österreich 1974/II/B/82	102,-	7,44	8,33	22.10.75-82 at 100,0
8 1/2% Österreich 1975/S/83	102,25	7,85	8,31	5. 3.76-83 at 100,0 to 101,0
8 1/2% Innsbruck 1974/B/82	102,-	7,68	8,33	19.11.75-82 at 100,5
8 1/2% Steyr-Daimler-Puch 1974/B/81	101,50	7,77	8,37	29.10.75-81 at 100,5

Selected US-\$ Bonds of Austrian issuers	Middle Price	Yield to average life	Current Yield	Redemption (mandatory drawings by 100)
maturity over 5 years				
8 1/2% Österreich 1976/S/86	104,25	7,88	8,15	20. 2.81-86 at 101,5 to 104,0
8 % Österreich 1976/S/II/B/86	101,25	7,73	7,90	22.11.83-86 at 100,0
8 % Österreich 1977/S/B/87	101,-	7,76	7,92	15. 2.82-87 at 100,0
8 % Arlberg Straßentunnel 1977/B/85	101,25	7,59	7,90	29. 7.80-85 at 100,0
8 % Wien 1973/88	101,50	7,85	7,88	15. 5.74-88 at 101,0 to 101,5
7 3/4% CA-BV 1977/II/C/92	100,25	7,69	7,71	15.10.78-92 at 100,0
8 % Export 1978/B/93	101,-	7,72	7,92	11. 4.82-85 at 100,0
8 1/2% Energie 1975/II/B + S/85	104,50	7,87	8,13	29.10.79-85 at 103,5
8 % Energie 1978/B/87	101,25	7,73	7,90	1. 3.83-87 at 100,0
8 % VÖEST 1977/B/86	101,25	7,71	7,90	15.11.82-86 at 100,0

Selected US-\$ Bonds of Austrian issuers	Middle Price	Yield to average life	Current Yield	Redemption (mandatory drawings by 100)
maturity over 5 years				
5 3/4% Alpine Montan 65/85				
6 5/8% Austrian Electricity 66/86				
6 3/4% Austrian Electricity 67/82				
9 1/2% Österreichische Kontrollbank 74/79 in Austrian Schilling (traded in US-\$ only)				

Interest is payable without deduction for or on account of Austrian taxes.
For current prices and further information please contact:
For Austrian Schilling Bonds: Robert Jekl, Robert Wasinger
(Telephone: 6622/1701 or 1707, Telex: 74261-63)
For International Bonds: Walter Vogl (Telephone: 6622/2222, Telex: 76948)
Code for Reuter Monitor Securities Program: CA DA, CA DB



Creditanstalt
Creditanstalt-Bankverein, Schottengasse 6, A-1010 Vienna.

Zaire's poser for the West

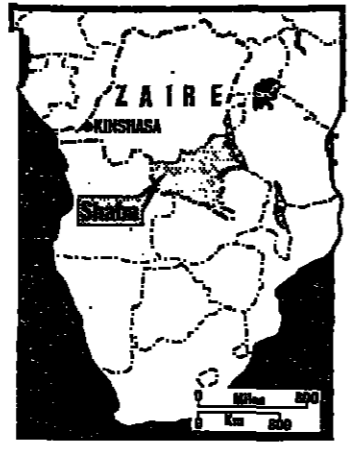
By MICHAEL HOLMAN, recently in Kinshasa

QUEUES AT Kinshasa petrol stations, which open for a few hours only each day, start to form the night before and drivers sleep in their cars. Medicines destined for ill-equipped hospitals are sold at market stalls alongside foreign-aid milk powder which should have reached famine areas. These are the symptoms of the straits Zaire is in as the country faces a year dominated by four main questions—to none of which can a confident answer be provided.

Will the apparent surrender of economic control into the hands of the five-man International Monetary Fund (IMF) team and other expatriate experts halt the economic decline and restore international business confidence? Will the population of 20m, especially the 2m-3m in Kinshasa, the capital, tolerate the austerity measures still necessary after years of inflation and poverty? Can the hitherto ineffective armed forces maintain security in the mineral-rich Shaba province when the 2,400-strong Inter-Africa Force (IAF) departs later this year? Above all, if there is to be a programme of reform and rehabilitation, is President Mobutu Sese Seko the right man to preside over it? These issues have been at the heart of a western policy drawn up after last May's occupation by 4,000 raiders from the Front National pour la Liberation du Congo (FNLC) of the key mining centre of Kolwezi 850 miles south-west of Kinshasa. The rebels who had invaded Shaba province in 1977 were routed by French legionnaires and Belgian paratroopers with U.S. logistical support. The IAF took their place last June, though this month Brussels said it was sending back 250 paratroopers for reasons that have not been fully explained. But Zaire's decline preceded the Shaba wars. The causes

include the mid-decade fall of copper prices and the rise of oil costs which should have been—but were not—offset by increases of world coffee prices. A disastrous policy of "Zairianisation" in 1973-74 was accompanied by heavy and undisciplined external borrowing on commercial terms. All the while the leadership indulged in what has been called "an unparalleled collective display of greed."

A great deal is at stake in the recovery operation. Zaire, a vast tract, almost straddling the waist of Africa, is potentially one of the continent's richest states. Though the economy has a lopsided dependence on copper and cobalt for 65-70 per cent of export earnings, it also has coffee, industrial diamonds, oil, palm oil, rich agricultural land and enormous possibilities for hydro-electric power. For the West, apart from concern over Zaire's indebtedness to western institutions, the country has a strategic importance as the world's largest producer of cobalt, which is vital to the aerospace industry.



The task ahead is monumental. It involves rescheduling the \$3.5bn external debt (including undisbursed loans of over \$1bn), over half of which would otherwise fall due before 1983. Corruption, which has cost the country hundreds of millions of dollars, must be reduced: an annual rate of inflation of 100 per cent checked; a stabilisation programme including rigid controls of government spending and domestic borrowing enforced. Zaire is a debilitated, demoralised giant—less a cohesive state than a group of regions for the most part subsisting on their own resources. Opposition to the Government is either fragmented, in exile, systematically eliminated, or suppressed by an army regarded more as an occupying power than a protecting force. Underlying it all

there is the fear that the country could return to the anarchy of the 1960s. Kinshasa itself presents a depressing and potentially disastrous picture. An affluent elite using a currency black market enjoy French wines and

from about 140,000 kilometres (about 88,000 miles) of usable roads before independence to 20,000 kilometres now. Seed improvement programmes are unsuccessful. Even basic hand tools are expensive or unobtainable. The army adds to rural disruption by living off the land and forcing road users to pay cash or goods to pass the frequent road-blocks.

Coffee should be a major foreign exchange earner but it is estimated that the 1977 crop, worth \$400m, brought only \$120m into the country. The proceeds from smuggled or undergraded exports stayed in foreign accounts. The state-owned Gecamines faces a difficult year. The important mining centre of Kolwezi appears to have made a remarkable recovery after the occupation last May by rebels. Officials say that production of copper in 1978 will be 381,000 tonnes (after 450,000 tonnes in 1977), of cobalt 13,000 tonnes (10,200 tonnes) and forecast 420,000 tonnes and 13,000 tonnes respectively for 1979. The forecast is treated with considerable caution by many observers.

It depends on several imperceptible. Gecamines believes it can get a total of 250 expatriates to return and that this will be sufficient—though observers suggest that it will leave skills too thinly spread. Equipment requires replacement and this will depend on the outcome of current negotiations with the World Bank and other participants in a post-independence expansion programme. The mines depend on the southern route through Rhodesia to export a third of the copper, while Rhodesia itself provides maize, coal, and coke. Any disruption of this

route by Rhodesian guerrillas would be disastrous—and there is little hope that the Benguela Railway to the port of Lobito will reopen as long as Mr. Jonas Savimbi's guerrillas operate in southern Angola.

Above all, expatriates and Zaireans express concern about the departure of the Inter-Africa Force. No date has been set, but mid-year may see them leave. By this time it is hoped that units of the Zaire army, currently being trained by the French (two paratroop battalions) and the Belgians (3,000 infantrymen) will be able to maintain security in the province. They will have to do so without the support of the local people. Shaba is hardly better than an occupied province. Its 3m people still under a military rule despite moves towards civilian administration.

Against this unpromising background western policy has to operate. The hopes for economic reform rest on the IMF team at the Banque du Zaire (the central bank). The team, led by Herr Erwin Blumenthal, operates under a wide mandate given by the Government at the meeting in Brussels last October of the 11 western creditor nations. Herr Blumenthal's powers include the right to control all foreign exchange dealings.

One major move against corruption made by the team has been as important for its symbolic content as its hoped-for practical effect. In December, commercial banks were issued with a list signed by Herr Blumenthal of 50 customers to whom further credit was to be refused, by whom outstanding credit was to be repaid, and who would be repatriated hundreds of millions of dollars in foreign exchange. A further 55 companies were placed under investigation. And in a separate circular, also signed by Herr Blumenthal, two companies in particular were singled out.

They are owned by Mr. Litho Mbotti, President Mobutu's "uncle" and regarded as second only to the President.

Under IMF guidance, strict allocations of export receipts ensure that 30 per cent of the total is retained by the central bank for the gradual reduction of arrears. Further evidence of the IMF presence is a series of devaluations totalling 50 per cent over the last two months.

During his six-month stay Herr Blumenthal has become a highly respected figure. Whether his powers will be sufficient remain to be seen. For one doubtful western diplomat the exercise represents little more, as he put it, than "controlling the pocket money of a billionaire." Nevertheless, most observers now expect agreement on an IMF stabilisation fund accompanied by drawings of perhaps SDR 125m, to be reached within the next few weeks. It could be followed by another meeting of western creditors who, if they are convinced by Zaire's commitment to reform, will consider two things.

First, both governments and banks may have to accept that such is the size and profile of Zaire's external debt that a joint strategy on rescheduling is needed. In the past the fund and the banks have cooperated informally only. Second, every one will have to face the fact that further aid is needed to revive the economy.

It is especially worrying that more than half the debt outstanding is expected to fall due before 1983, nearly three-quarters of it to private banks. Most economists believe that it would be unrealistic to offer Zaire a formula for repayment similar to that of the last Paris Club meeting in 1977 when payments were stretched over nine years with no grace period. The alternatives, then, are either year-to-year crisis meet-



President Mobutu: should he go?

ings providing barely enough foreign exchange to keep Zaire ticking over, or long-term support based on confidence in the current reforms.

The future of President Mobutu complicates these problems.

Few countries welcome the prospect of a long association with the man whose reputation as a political survivor is equalled only by the size of his personal fortune. Yet who else, it is often asked, can hold the country together? In the absence of any obvious successor, the West reluctantly continues its association with a man who has little popular support in Zaire. One consequence is that the man in the street, as well as opposition leaders, see President Mobutu's survival as the result of western support. Senior western diplomats are uneasy. They argue that western support should be conditional on both economic and military reform, but action on the latter is markedly inadequate, they say, despite agreement in principle on what should be done.

The armed forces must be turned into a credible regularly paid, decently fed and housed force capable of defending Zaire against a third Shaba invasion. This could be accomplished by halving the ramshackle 60,000 strong army (including 20,000 gendarmes) and ensuring that generals and officers are unable to steal the

payroll—a frequent occurrence which forces the men to live off the land. Equally important, the President's powers to interfere with the reforms must be curtailed.

As it is, said one diplomat, "there is a perverse logic in President Mobutu's approach. He can either have an effective military force or a politically safe one—but not both. So sooner or later promising officers are retired or arrested—because they are too good and a potential threat."

Failure of the West to insist on military reform as a condition of their support is primarily due to a reluctance on the part of the U.S. to bear the likely consequences, diplomats say. That likely consequence is the eventual departure of the President. An efficient army would want to depose him. On the other hand, an end to western support would lead to a deeper economic crisis, straining the patience of the population beyond endurance and almost certainly putting President Mobutu in jeopardy.

Should he accept military reform, he would expect the U.S. to lead the way in training and supplying the army. Should he refuse reform, and the West cease support, the U.S. must be prepared to support his successor should he be pro-West—or live with the incalculable consequences should he be hostile.

Trade in textiles

From the Director General, British Textile Employers' Association

Sir,—It may surprise your correspondent to know that we wholly agree with the World Development Movement assertion (February 7) that "protectionism is not the answer" to the textile industry's troubles. What is required is a global policy for dealing sensibly with production and marketing to meet a basic human need—in short, the "orderly development of world trade in textiles" which is the officially recognised objective of the GATT multi-fibre arrangement (MFA) and the long-term arrangement for cotton textiles which preceded it.

The background to world demand for textiles includes some startling statistics. For example, per capita consumption of textiles ranges from 25 kilos in the U.S. to 0.6 kilos in Burma, with the world average being as low as 6.8 kilos. Poverty is largely responsible for this wide disparity in textile consumption which is far below the true needs of the world's population and the capacity of the world's textile and clothing industries to produce.

Since statistics have been brought into the argument perhaps I could introduce a few relevant ones to the UK cotton and allied sector (which is our main concern):

	1950	1958	1978
Employment	339,000	240,000	70,000
Imports of woven cotton cloth (from low-cost sources)	100m square metres	250m square metres	430m square metres

The year 1958 is significant because that was when the UK became a net importer of woven cotton cloth. The figures need no further comment from me—they speak for themselves.

The EEC import regime—negotiated within the framework of the MFA—is being used quite positively to create a stable trading environment for the Community's textile and clothing industry. If this industry is to prosper it must have the right product mix of basic goods (which, by their nature, lend themselves to mass production) and those where high quality and superior standards of design are paramount. To attempt to parcel out segments of textile production that should be the province of the EEC and of the less-developed countries is unrealistic. In a highly industrialised economy it is necessary to manufacture some products in bulk to enable production of more sophisticated products to be economically feasible. The loss by Lancashire of a fair share of the market for its bulk products has led to the loss of capacity to produce, for example, fine count yarns for which it was at one time world-famous.

In negotiating the renewed MFA, the Community negotiators deliberately put back quotas for the long-established textile suppliers (who have gained a substantial share of the European market) in order to give greater opportunities to newly emergent countries. The intractable competition that is now going on amongst the less developed countries for the same markets cannot be said to be the responsibility of either the UK or the EEC.

We have striven for an EDC (not a sector working party) for the cotton and allied sector in

Letters to the Editor

Danger-men at work

From Mr. D. Gooden, Sir,—Talleyrand said: "War is much too serious a thing to be left to military men." I wonder what he would have to say about industrial relations and trade union officials if he were alive today?

Douglas Gooden, Fore- Cottage, Withyham, Haverhill, Sussex.

Tax rebates and strikes

From the Managing Director, Fine Tubes Sir,—Before your readers adopt the theoretically admirable principles set out by Mr. G. Macdonald (February 3) a word of warning as to the practical result. A decision not to pay income tax rebate to a striker is likely to be replaced by funds provided at the taxpayer's expense through the social security system.

Similarly, the practice of granting a "sub" against future wages at the end of a strike, while in principle to be deplored, has in practice much to be said for it. The advance from the employer is taxable and has to be repaid. It will reduce entitlement to social security—which is tax-free and entails no repayment—by a corresponding amount.

T. M. Barclay, Fine Tubes, Estover Works, Crounhill, Plymouth.

The spy in the cab

From Councillor G. Woollard Sir,—I hope that any British Government will succeed in any proposed move to postpone, or phase, the compulsory introduction of tachographs for all heavy goods vehicles, in spite of the ruling from the European Court of Justice. I would further urge readers to examine carefully the case put forward by the supposedly "militant" elements of the Transport and General Workers' Union, as in this case Mr. Alan Law has a better foundation for complaint than might be recognised by people who have never driven goods vehicles day in and day out. Lorry drivers, once away from depot or docks, put themselves in a world apart from the rest of us. Freedom rules the day. The mechanical intrusion of impersonal devices that is at the heart of the current argument. Drivers recognise that over-long hours at the wheel endanger other road users, but they resent the implicit lack of trust

Who do you miss most?

From Mrs. N. Ings Sir,—May I reply briefly to the correspondent who seems to have been upset by my letter of February 2? Mr. A. S. J. Thorne writes (February 6) of the country grinding to a halt without the banks and financial institutions. Has he forgotten the Irish bank strike which went on and on and on without, if the media were to be believed, anyone suffering anything worse than inconvenience?

To Mr. R. Nott (February 7) I would say that I happen not to believe that the untimely demise of bankers, financiers and stockbrokers would end imports of wheat and tobacco, but in any case I don't smoke and I prefer black bread to the damp cotton wool currently being marketed as white bread. Incidentally, Mr. Nott, what a shocking waste of those precious wheat imports! As for Mr. D. F. Willis (February 7) does he really believe that the denizens of the City of London could even begin to cope with the jobs of public service workers? They spend half their time getting the fitters and causing the market to go up and down like a yo-yo, and the other half looking for opportunities of making a fast buck out of Britain's difficulties—'It's no good for the country but it makes sense to me'—remember?

However, I sincerely thank these three gentlemen for the courteous way in which they have written. N. Ings (Mrs.), 354, Burton Road, Furness Vale, Via Stockport, Cheshire.

Recliner cycles

From Mr. J. Wilder Sir,—Some new angles on the bicycle" (Michael Strutt, January 13) was of great interest to me. It must have been over 50 years ago that I conceived the idea of "recliner" cycles mentioned in the article—only to discover that such a version had (I believe) already

been made by a small cycle maker in the Manchester area. Of course, when I mentioned the idea of this kind of cycle and a comfortable chair-like seat, the inventor of the instrument of torture which we call a saddle, I was laughed at.

My own particular pre-occupation (following upon but still including the "recumbent" idea) has been with the idea of easier cycling via better gearing—including, in particular, long-levers than the standard 64-inch pedal-crank. Also I am convinced that the present rotary method of pedalling is wasteful of energy. Briefly, I invented (on paper) a cycle (or tricycle or car-cycle) which, in theory, promises much easier cycling and more comfortable cycling.

I never made a working model since I am an accountant and not an engineer, and there the matter rested. In the hands of someone (a small manufacturer of cycles?) skilled in metal work, my invention would have been a wonderful enthusiasm to bring it to the prototype stage (the most complicated things about it are two standard free-wheels). It embodies (a) levers long enough to overcome the resistance of almost any hill; (b) "reciprocating" propulsion to eliminate some of the wastage of energy by "rotary" propulsion; (c) an "expanding" gear based on simple free-wheels and (d) comfortable seat, with backrest to enhance "thrust".

I would give any assistance in my power to anyone wishing to take an interest in the possibilities of my idea. John Wilde, "Anne Dale", Kirkoswald, Cumberland.

Local authority spending

From the Chairman, Finance and Administration, Executive Committee, Hammersmith Borough Council Sir,—Colin Jones on local authorities (January 31) indulged in the usual mud-slinging at the spendthrift, growth-oriented attitude of those of us in local government. In common with most such commentators he made no mention of the vast growth in statutory responsibilities imposed on local authorities by Whitehall, nor the reliance on the local government structure on the part of central government to carry out every pet political project.

Since the Conservative/ Liberal Administration, to which I belong, was elected to office last May, by far the largest supplementary estimate I have had to agree to has related to the cost of operating the enormously expensive effects of the Housing (Homeless Persons) Act, 1977.

As for Mr. Jones' assertion that we would be better off if Government fixed the total level of local spending, one wonders whether he has found good grounds in recent years for believing this will lead to a more optimal strategy? I would suggest that local councillors, accountable to their own communities, are at least as likely to make sensible decisions, and that a degree of Government intervention—the whole gamut of cost ceilings, yardsticks, etc.—imposed from the DoE et al.—make it a lot harder to provide value for money for our own ratepayers. Richard Lazarus (Councillor), Tonn Hall, King Street, W6.

GENERAL

U.K.: Prime Minister speaks at launch of Labour Party Scottish Assembly campaign rally, in Glasgow.

Confederation of Shipbuilding and Engineering Unions submits pay claim to Engineering Employers' Federation.

BL Cars' senior shop stewards meet in Coventry to consider strike ballot.

Mr. William Rodgers, Transport Secretary, issues statement on broadcasting traffic information.

Overseas: The Queen and the Duke of Edinburgh start tour of Middle East.

Today's Events

EEC Farm Ministers meet again in an attempt to resolve farm price structure disagreement.

European Central Bankers start two-day meeting in Basle.

European Parliament meets in Luxembourg (until February 16).

Mr. William Rodgers, Transport Secretary, issues statement on broadcasting traffic information.

COMPANY RESULTS

Final dividends: A.C. Cars, Alexander Holdings, Broadstone Investment Trust, Ladies Pride Outerwear, Harris Lebus, Donald Macpherson, Manchester Ship Canal Company, Interim dividends: Ariel Industries, Interim figures: Caledonian Trust Company, Electronic Machine Company, Porich, Elmer, Westminster and County Properties.

House of Lords: Dartmoor Common Bill, second reading; Tamar Bridge Bill, third reading; Public Lending Right Bill, second reading; Countryside (Amendment) (Scotland) Bill, second reading; Caravan Sites Bill, second reading.

House of Commons: Credit Unions Bill, second reading; Consideration of Lords Amendments to the Price Commission (Amendment) Bill.

Department of Trade publishes January provisional figures for retail sales.

COMPANY MEETINGS

See Financial Diary on Page 24.

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INTNL. COMPANIES and FINANCE

Bank of Israel orders tighter liquidity regulations

THE BANK OF ISRAEL, the country's central bank, has issued an order preventing Israeli companies and individuals from taking short- or medium-term credits—less than 2 1/2 years—in foreign currencies. The order is valid, in the first instance, for 60 days. It does not apply to such import financing as suppliers' credits, but is designed to prevent the circumvention of the tight liquidity regulations through the import of foreign capital for conversion into Israeli pounds.

Lincoln bids \$285m for re-insurance group

By David Lassles in New York LINCOLN NATIONAL, the large Indiana-based insurance group, has made a \$285m takeover bid for American Re-Insurance, one of the largest re-insurance companies in the country. American said that the bid, which was unolicited, would be considered by the Board within the next two weeks after it had had a chance to evaluate it. However, American's president, Mr. James Koehn, said he had previously advised Lincoln that the company was not for sale. Under the proposal, Lincoln is offering \$28 in cash or shares in convertible preferred stock for American's approximately 5.5m shares. The terms of the stock would be negotiable.

Singapore shipbuilder in the red

REFLECTING the depressed conditions in the shipping industry, the leading Singapore ship and rig builder, Far East Levingston Shipbuilding (FELS), has for the first time ended up in deficit. The company has reported a pre-audit loss of \$53m (US\$1.4m) for the year ended December 1978, compared with a post-tax profit of \$45.8m in 1977. FELS said the loss was recorded after taking into account the expected losses on two vessels which are to be delivered this year. The company commented that its loss reflected the world crisis in the shipping industry in the past two years or so, especially protectionism in Europe, and also the poor rebuilding market in Asia in 1977 and early 1978. As a result, there was an underutilisation of the shipyard's facilities and manpower, mainly in the first half of 1978. FELS' position could have been worse had it not been for improved conditions in the second half of 1978 as a result of new contracts for a rig and pipelaying barge. Profits have been on the decline since 1976, when FELS achieved a record after-tax profit of almost \$87m. Despite the gloomy news, FELS has disclosed new orders which should provide some cheer to shareholders.

McGraw-Hill to defend suit by shareholders

NEW YORK—McGraw-Hill said it intends to fight a stockholder suit which has resulted in a court order requiring it to show why the \$48 a share offer from American Express should not be transmitted to shareholders for their vote. The business publishing company, which has previously had four shareholder suits filed against it over the believed to be of any merit and will be defended in court," said the company. An order signed in the Manhattan Supreme Court requires McGraw-Hill to show why the offer should not be presented for shareholders' acceptance or rejection. Agencies

Holiday Inns optimistic on 1979 outlook

By Our Financial Staff HOLIDAY INNS raised net profits by 19 per cent last year to \$22.8m, or \$2.04 a share, and said that the outlook for 1979 remained favourable. Total revenues for 1978 showed a gain of 16 per cent to \$1.2bn, but the company suffered an earnings dip in the fourth quarter as the result of a decrease in tax-deductible deposits by its ship operations. The correspondingly higher tax rate left net income down by 14.8 per cent at \$6m, or 30 cents a share.

Philip Morris suffers fall in Australian earnings

BY OUR SYDNEY CORRESPONDENT PHILIP MORRIS (Australia), the tobacco and wine offshoot of the U.S. group, suffered a profit slide of 32 per cent in the December half-year, largely because of increased tobacco excise duty and fierce competition in the wine industry. Earnings dropped from A\$13.28m to A\$8.03m (US\$10.25m) despite a 13m (tonal) rise in revenue from A\$188m million to A\$195m. The directors said that price

CURRENCIES, MONEY and GOLD

Gold runs out of steam

A hectic week in the world's financial markets ended with a sharp fall by gold and a rather steadier U.S. dollar. Earlier in the week gold touched record highs, while the dollar lost all of its recent confidence, as the situation in Iran dominated sentiment in confused and nervous trading. Comments by Mr. James Schlesinger, the U.S. Energy Secretary, about the possibility of mandatory oil conservation

THE DOLLAR SPOT AND FORWARD

Table with columns for Gold Bullion (fine ounce), Gold Coins, and Dollar Spot/Forward rates for various countries.

CURRENCY RATES

Table showing currency rates for various countries including Sterling, U.S. Dollar, Canadian Dollar, etc.

FORWARD AGAINST £

Table showing forward rates for various currencies against the pound sterling.

OTHER MARKETS

Table showing market rates for various international currencies.

THE POUND SPOT

Table showing spot rates for various currencies against the pound sterling.

EXCHANGE CROSS RATES

Table showing cross rates between various major currencies.

LONDON MONEY RATES

Table showing money market rates in London for various terms and instruments.

MONEY RATES

Table showing money market rates for various international locations.

UK PENDING DIVIDENDS and NEW ISSUES

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

Table listing UK pending dividends with columns for company name, announcement date, and dividend details.

RECENT ISSUES

Table showing recent equity issues with columns for issue price, amount, and stock details.

FIXED INTEREST STOCKS

Table showing fixed interest stocks with columns for stock name, price, and interest rate.

"RIGHTS" OFFERS

Table showing rights offers with columns for stock name, price, and offer details.

BASE LENDING RATES

Table showing base lending rates for various banks and financial institutions.

CLIVE INVESTMENTS LIMITED

Table showing investment performance for Clive Investments Limited.

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.

Table showing investment performance for Allen Harvey & Ross.

Public Works Loan Board rates

Table showing Public Works Loan Board rates for various loan types.

ALCAN ALUMINIUM (U.K.) LIMITED Summary of Results. Includes financial data for 1978 and 1977, and a Chairman's statement.

INVEST IN 50,000 BETTER TOMORROWS! Private Investment Company for Asia (PICA) S.A. Floating Rate Notes 1986.

Private Investment Company for Asia (PICA) S.A. Floating Rate Notes 1986. For the six months from 8th February, 1979, to 8th August, 1979.

APPOINTMENTS

Senior post at Kodak

Mr. Roy Milner has become managing director of KODAK on the resignation of Mr. F. J. Moorfoot. Mr. Moorfoot remains chairman.

Mr. David Watson has been appointed managing director of SERCO HEAT TRANSFER following the resignation of Malcolm Ward. Mr. Ward has relinquished his position as managing director to assume new responsibilities on the Board for long-term product and marketing development.

Mr. Brian Frier has been appointed distribution manager for BOSAL (UK).

Mr. Norman Callier and Mr. John Armstrong have been elected to the Board of BRSBLOCK.

Mr. Albert Hayes has been appointed managing director of BURCESS POWER TOOLS. Mr. Donald Baker has been elected to the Board and becomes director and production administrator.

Mr. Abdul Aziz Hussain Salatt has been made deputy general manager of administrative and financial affairs of the UNITED ARAB SHIPPING COMPANY. He will take over the position of general manager on January 1, 1980, and the present general manager, Mr. D. H. Tod, will continue as an adviser to the company from that date.

Dr. James R. Stoker has been appointed chief executive of the STERLING-WINTHROP GROUP. He was previously chief executive of the group's Izal production division.

Mr. Jim Little has been appointed commercial lending manager of the TRUSTEE SAVINGS BANK NORTH EAST to head a pioneering project to assist small businesses in the region from Darlington to Berwick on Tweed.

Mr. Keith Walker has been appointed chairman of the BRITISH ASSOCIATION OF PRODUCE DISTRIBUTORS, following the resignation of Patrick Rowan. Mr. Arthur Rolt has been made vice-chairman of the Association.

Mr. John Costin, area sales manager AC Delco and Mr. Denis Shaughnessy, Opel marketing manager, UK and Eire, have

INSURANCE

Cutting the cost of house purchase

BY OUR INSURANCE CORRESPONDENT

THESE HAVE always been two main ways of arranging house purchase: by a repayment mortgage, with capital and interest paid back over the years so that with the last payment at the end of the term the debt is extinguished; and by endowment mortgage, where the whole debt is repaid by endowment policies, interest only being paid in the meantime.

For many years, in less inflationary times, sound advice for the standard-rate taxpayer was to choose the endowment mortgage, since in the long run it was cheaper, the more so if it was arranged with profits because the house purchaser would not only have his house but a sizable financial bonus as well when the policy fell due. Inflation has made something of a lottery, if not a nonsense, of traditional calculations, particularly those based on the principle that the mortgage must be entirely covered from the outset by the basic endowment sum assured, with no account taken of the bonuses that might be expected.

Until a few years ago, building societies and life offices held it essential that there was total cover of the mortgage by endowment. More recently, the practice has grown of arranging mortgage endowments where the initial sum insured gives less than total cover and the balance is made up by bonuses expected to be received over the period of the loan.

Low-cost endowment Some 60 life offices offer what have come to be called "low-cost endowments," and their number is increasing.

The low-cost endowment is cheaper than the traditional full endowment because the basic sum assured is less and the premium is paid at a rate per cent on that sum.

However future bonuses are calculated though, it is certain that the life offices are going to make their calculations conservatively, based on past experience, so that at policy maturity it is reasonable to assume that, when the mortgage

WORLD STOCK MARKETS

Table with columns for New York, London, Amsterdam, Brussels, Tokyo, and other markets. Includes indices and price movements for various countries.

EUROPE

Table listing stock prices and movements for various European cities including Amsterdam, Brussels, Copenhagen, Vienna, and Germany.

HONG KONG

Table listing stock prices and movements for various companies in Hong Kong.

AUSTRALIA

Table listing stock prices and movements for various companies in Australia.

JOHANNESBURG

Table listing stock prices and movements for various companies in Johannesburg.

OSLO

Table listing stock prices and movements for various companies in Oslo.

PARIS

Table listing stock prices and movements for various companies in Paris.

WALL STREET

NEW YORK

Table listing stock prices and movements for various companies in New York.

COMMISSION

Of course, by bowing to the wishes of their customers, association members are not neglecting their duty to their policyholders.

Not every low-cost endowment may therefore be acceptable to every individual building society, so anyone wishing to repay a mortgage in that way should first find out what are the criteria for low-cost endowments of his chosen building society.

BRITAIN

Table listing stock prices and movements for various companies in Britain.

INTERNATIONAL BONDS

BY JOHN EVANS

The bond window slams shut

THE BRIEF "window" for new issue activity in Eurodollar bonds, created largely by moderating short-term American interest rates in the past few weeks, appeared to have slammed tightly shut last week. A rebound in New York money market rates, the weakening dollar and the tightening energy crisis for the Western world after the disruption in Iran, exerted fresh pressure on bonds, both seasoned issues and new offerings.

This was the first of the latest issues to be fully underwritten by the managing group—an interesting shift of emphasis in primary market management. But the combined weight of new issues and sharp break by the secondary market still gave some of the new offerings a rough ride. By mid-week, new issues were frequently being quoted at discounts equal to the full selling group concessions, with reports that some co-managers were even unloading certain bonds at below these levels. Some other disturbing signs emerged in the dollar market last week. The inverse yield curve fully reappeared in the Eurodollar inter-bank market, taking six-month deposits up to 11 per cent versus 11 1/2 per cent on one-year funds.

The DM 50m Bank of Tokyo issue, via Deutsche Bank had its coupon raised to 6 per cent from 5 1/2 per cent, with pricing at par. The main pressures came from the domestic DM bond sector, which retreated sharply, dragging up yields on Euro-DM issues. The wider German capital market is undergoing a painful readjustment, with interest rates rising in response to the monetary steps of the Bundesbank to mop up liquidity created by past foreign exchange intervention. In addition, interest rate pressures are being caused by sharp domestic mortgage demand in response to real estate price inflation of 25 to 35 per cent annually.

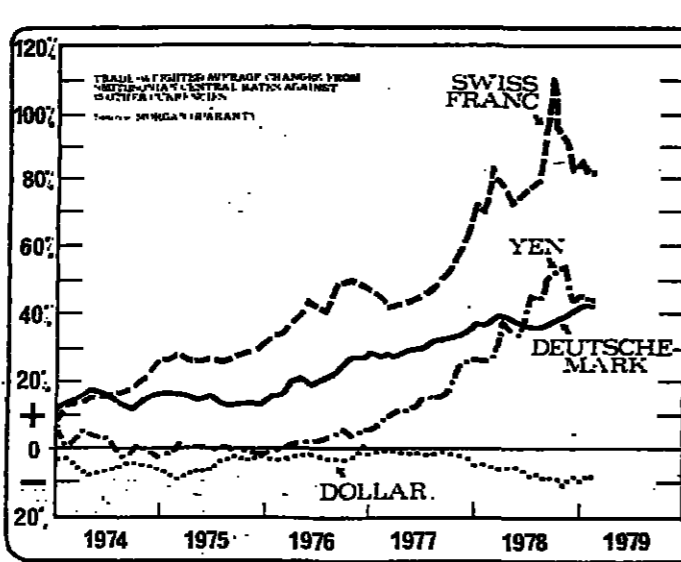
Table with columns: Borrowers, Amount, Maturity, Av. life years, Coupon %, Price, Lead manager, Offer %.

JAPANESE CONVERTIBLES

BY MARY CAMPBELL

Weak end to a weak week

THE FUTURE of Japanese convertible issues looks problematical. Last week Honda Motor cancelled its proposed D-mark convertible, while other issues in the market have moved to deep discounts—after-market quotations for Minoita Camera and Tokyu Land, for example, ranged between 93 and 95 per cent of the issue price.



coupon rates generally are lower and where the volume of earlier issues is smaller. The going rate in Switzerland at present is 2 1/2 per cent and dealers were last week arguing that a rate of 3 1/2 might well do the trick (after all, the rate on straight bonds is only 3 1/4 per cent). Although there is apparently no sign of Japanese borrowers accepting this level yet, their traditional tendency to attach more weight to coupon levels than to currency risk, combined with the lower absolute level of rates, leaves the Swiss market with some attraction for them.

U.S. BONDS

Rate outlook darkens again

WITH THE uncertainties of the credit markets characterised by the commercial banks' move to a split prime rate, bond prices proved highly volatile last week after their strong January rally, and most of their earlier gains were wiped out. The financial community believes that interest rates will remain high, despite one or two signs to the contrary, postponing any sustained recovery in the value of fixed income securities.

added to the market's nervousness although monetary policy appears unchanged. Fed funds were still trading at around 10 1/2 per cent at the end of the week. The minutes of the FOMC meeting in December, released last week, revealed that the Fed funds' target set them was 10 per cent or slightly higher. Citibank followed Chase Manhattan's lead and cut its prime rate to 11 1/2 per cent on Friday, but the move was dictated by its formula based on the cost of commercial paper rather than on any fundamental judgment about the state of credit.

The move was aided by a comment from Mr. William Miller, Fed chairman, that it was premature to assume that rates had peaked. A lot of other news affected the market, notably the situation in Iran with its weakening effect on the dollar, and the latest producer price index which showed a 1.3 per cent gain in January. The money supply figures once again showed a decline, but this trend is sharply at odds with the mood of the market that the figures are beginning to lose credibility.

Standard Chartered Bank Limited advertisement for U.S. \$100,000,000 Floating Rate Capital Notes 1990.

FINANCE FOR INDUSTRY TERM DEPOSITS advertisement with interest rate table.

British Limbless Ex-Service Men's Association advertisement with image of a man.

INTERNATIONAL ENERGY AGENCY (IEA) advertisement for 1977 REVIEW and other publications.

electrical wire and cable? ANIXER advertisement with logo and contact information.

FT INTERNATIONAL BOND SERVICE table listing various bond issues, yields, and prices.

AUTHORISED UNIT TRUSTS

Table of authorised unit trusts including Abbey Unit Trst. Mgrs., Allied Members Group, and various other trusts with their respective managers and performance data.

Table of insurance and property bonds including Abbey Life Assurance Co. Ltd., The London & Manchester Ass. Co., and various other insurance companies.

Table of save & prosper securities and other financial products including various investment funds and securities.

Table of offshore and overseas funds including Alexander Fund, Keyser Ullmann Ltd., and various international investment funds.

Table of offshore and overseas funds (continued) including various international investment funds and their performance metrics.

CORAL INDEX: 450-455. INSURANCE BASE RATES. Table showing property growth and various insurance rates.

NOTES. Disclaimers and additional information regarding the data presented in the fund listings.

PUBLIC NOTICES

CONSUMER CREDIT ACT 1974

The Director General of Fair Trading
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Acton
London W3 7BB

is considering the application of THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES (P.O. BOX 433, CHARTERED ACCOUNTANTS' HALL, MOORGATE PLACE, LONDON EC3P 2BJ) for a Group Licence covering all Chartered Accountants who, for the time being, hold a practising certificate issued by the Institute and which is in force.

A Group Licence shall be issued to the Institute of Chartered Accountants in England and Wales only if the Director General is satisfied that the public interest is better served by this course than by obliging members of the Institute concerned to apply separately for Standard Licences.

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is considering the application of the Association of Certified Accountants 29, Lincoln's Inn Fields, London WC2A 3DD for a Group Licence covering those members of the Association who for the time being, hold a practising certificate issued by the Association, and which is in force.

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COMPANY NOTICES

OLYMPUS OPTICAL COMPANY, LTD.

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The member lines of the above Conference with to advise shippers and consignees that, consequent upon the recent changes in the road haulage industry, an additional calculation in road haulage costs is inevitable and hence the Conference has introduced an emergency surcharge of 5 per cent on all inland rates and charges with effect from February 26th, 1979 in order to recover the increased costs.

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Holders of the above-mentioned CDRs are informed that the Annual General Meeting of Shareholders will be held at Osaka on February 27, 1979. In addition to the business customarily on the agenda, the following motion will be discussed: Declaration of the final dividend of Yen 3 for the financial year ending November 30th, 1978, payable on February 28th, 1979.

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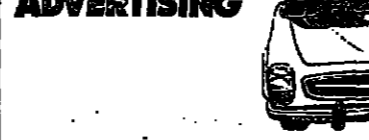
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Table listing UK Trade Fairs and Exhibitions with dates, titles, and venues.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Table listing Overseas Trade Fairs and Exhibitions with dates, titles, and venues.

BUSINESS AND MANAGEMENT CONFERENCES

Table listing Business and Management Conferences with dates, titles, and venues.

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79 T 450 SLC. Aston silver, tobacco velour, air con., electric sunroof, alloy wheels, radio/stereo, etc. Delivery mileage. 22,500.
79 T 350 SE. Catalina beige, headlamp velour, electric sunroof, headlamp wash/wipe, radio/stereo. Delivery mileage. 21,250.
79 T 350 SE. Catalina green, headlamp velour, electric sunroof, alloy wheels, cruise control, rear head restraints, passenger door mirror. Delivery mileage. 22,250.
79 T 280 CE. Fire engine red, parchment velour, electric sunroof, electric windows, alloy wheels, cruise control, L.S.D. Delivery mileage. 21,450.
79 T 280 SE. Metallic red, black check interior, electric sunroof, 4-speaker radio stereo. Delivery mileage. 21,250.
79 T 280 SE. Royal blue, parchment interior, electric sunroof, alloy wheels, electric tinted windows, passenger door mirror. Delivery mileage. 21,250.
79 T 280 SE. Metallic red, black check interior, headlamp wash/wipe, passenger door mirror. Delivery mileage. 21,250.
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Table listing registration numbers and prices for various cars.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock name, price, and other financial metrics.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance, with columns for stock name, price, and other financial metrics.

PROPERTY—Continued

Table of property stocks including companies like British Land and Anglo-Continental, with columns for stock name, price, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture and Anglo-Continental, with columns for stock name, price, and other financial metrics.

FINANCE, LAND—Continued

Table of finance and land stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

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MINES—Continued

Table of Australian mines including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

TINS

Table of tins including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

COPPER

Table of copper stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

NOTES

Notes section containing various financial notices and announcements.

TEAS

Table of teas including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

MINES

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EASTERN RAND

Table of Eastern Rand stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

FAR WEST RAND

Table of Far West Rand stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

O.F.S.

Table of O.F.S. stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

FINANCE

Table of finance stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

DIAMOND AND PLATINUM

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CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

REGIONAL MARKETS

Regional markets section containing various financial notices and announcements.

OPTIONS

Table of options including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

3-month Call Rates

Table of 3-month call rates including companies like Anglo-Continental and British Venture, with columns for stock name, price, and other financial metrics.

PROPERTY

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TRUSTS, FINANCE, LAND

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FINANCE, LAND, etc.

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Pact with TUC may not stem action

BY PAULINE CLARK, LABOUR STAFF

THE NATIONWIDE programme of industrial action by Britain's 1.5m public service workers goes into its third week today with apparently little chance of a solution emerging from next Wednesday's expected signing of a "concordat" between the Government and the TUC.

The Prime Minister will attempt to raise party morale with a report on the agreement with the TUC to a joint meeting of Labour MPs and the party's national executive at the Commons on Wednesday. At Mr. Callaghan's suggestion, trade union members of the NEC will be given the right for the first time at such a meeting, to join in the discussion.

Union leaders were agreed yesterday that there was nothing in the new long-term agreement on wage bargaining conduct which could change the aspirations of the public service workers in seeking to keep pace with the general level of settlements in outside industry in the present pay round.

At the most, confirmation that some sort of special relationship between the Labour Government and the unions still exists could, as one union leader put it, "improve the atmosphere of talk".

The proposed concordat sets out a code of practice on voluntar

Support ebbing for Scottish devolution—poll

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ON THE DAY the Prime Minister is to launch Labour's devolution campaign in Scotland, a poll shows support for the policy is ebbing.

Mr. James Callaghan is due in Glasgow today to make a major speech at a rally which will signal the final run-up to the referendum on March 1.

The Labour Party, Scottish TUC and Co-operative Movement are devoting considerable resources to the devolution fight, on which the Government's credibility in its Scottish power base could depend.

But an opinion poll conducted by the System Three organisation and published in this morning's Glasgow Herald, shows that support for the establishment of a legislative assembly has fallen to 45 per cent.

Last month the figure was 52 per cent and in October it was 59.

Those who said they would vote "No" in the referendum accounted for 35 per cent, against 29 per cent in January and October.

It is clear that doubts about devolution have been raised in many people's minds by the strong campaign waged by the anti-devolution umbrella group, Scotland Says No.

Mr. Barry Jones, secretary of the umbrella Wales for the Assembly Campaign, said at the weekend that the poll showed the making of a "Yes" majority in the referendum.

John Elliott adds: The Confederation of British Industry said last night that it is hoping for a "No" vote in the referendum because implementation of the Scotland and Wales Acts could damage business.

This would be especially serious at a time when business confidence is already "very fragile," it says in its latest members' bulletin.

Decision today on steel strike

BY PAULINE CLARK, LABOUR STAFF

LEADERS OF 30,000 craftsmen in the British Steel Corporation will decide today whether to strike from next week, possibly halting the industry in a few days.

The craft unions traditionally follow pay settlements of the Iron and Steel Trades Confederation, the industry's biggest union, which represents 90,000 manual and white-collar workers. Its leaders hope to avoid an immediate confrontation with the Government by taking its 8 per cent pay claim to arbitration, but this year the craft unions have shown signs of wanting to go their own way with their claim for a substantial rise.

A recommendation for action to start on February 18 was sent to members of nine unions in the National Craftsmen Coordinating Committee last week. Results of voting at mass meetings are to be collated by all the craft unions today.

The Corporation has told all its manual and craft unions that the Government will not allow it to go beyond the 5 per cent guidelines. Any big confrontation with its key workers

Falmouth ship repair bid may be resisted

By Ian Hargreaves, Shipping Correspondent

BRISTOL CEANNEAL Ship-repairers, the C. H. Bailey subsidiary, has made a formal bid to take over Falmouth Ship-repairers, whose closure was announced by British Shipbuilders last week.

Mr. Christopher Bailey, chairman of the company which led the fight against nationalisation of ship repair three years ago, said yesterday that the offer was on the table for British Shipbuilders and the Government to consider.

"If the terms are accepted, the yard will be reopened within three months of closure. The terms of the Bailey offer are:

- British Shipbuilders to grant a 15-year lease with an option for a further 15 years at no fixed rent.
- Bailey to stand all commercial losses except £1m in the first year.
- Profits to be shared between British Shipbuilders and Bailey on a basis laid down by the latter, but to involve a majority share for Bailey in the first period of lease and 50-50 thereafter.
- British Shipbuilders to make all existing assets available. Bailey to maintain and replace assets.
- Bailey to pay for stocks used at purchase or final audit price, whichever is lower.
- No dilapidation clause, so Bailey would not be liable for repairs to a broken gear or an unused dock.
- Five per cent of profits to be shared by employees and 5 per cent by management.
- All standard government assistance in the area to be made available, including a 22.5 per cent grant on capital projects.
- Government or British Shipbuilders to back a loan of between £1.5m and £2m to Bailey at a fixed rate of 10 per cent for 10 to 15 years to be used for development.

British Shipbuilders would not comment on the offer last night, but Mr. David Mudd, Conservative MP for Falmouth, and Mr. David Penhalligon, Liberal MP for Truro, said they doubted the Government would agree to Mr. Bailey's terms.

Mr. Bailey said a speedy response was essential as his company expected to start operations this autumn at the £230m dry dock complex it hoped to lease from the Dubai Government. This is the biggest ship repair facility in the world and the terms Bailey is negotiating are similar to those offered to British Shipbuilders.

The joy at the headquarters was mixed with worry over continued fighting by forces still loyal to Dr. Bakhtiar, and because it would prefer what British Shipbuilders sees as excess UK capacity in the industry eliminated, and because of Mr. Bailey's anti-nationalisation campaign.

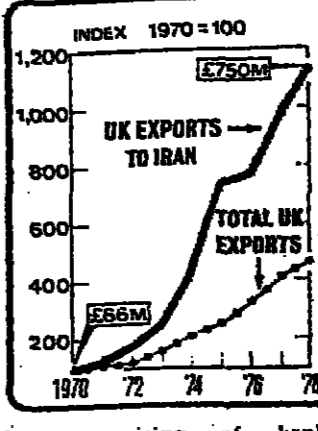
If Mr. Bailey succeeds in the takeover of Falmouth, for which he bid twice before nationalisation, it will probably not be limited to the existing facilities.

Bailey also owns a moth-balled 300,000 dwt floating dry dock moored in Hawaii which he may wish to site in Falmouth. This dock is more than twice as large as any in the British Shipbuilders complex.

Iran casts a long shadow

THE LEX COLUMN

With exporters' claims starting to pile up the Export Credit Guarantee Department remains remarkably relaxed—outwardly at least—about the deteriorating economic situation in Iran. Last week, its U.S. counterpart, Eximbank, stopped issuing new credits and guarantees for exports to Iran. So far ECGD has not panicked. Existing credit lines remain open, if anyone wants to do business, and the official line is that "due underwriting precautions" are being taken. But if Iran really goes sour it could prove to be one of the biggest setbacks in ECGD's distinguished 60-year career.



ECGD is not saying how much money it has at risk in Iran but it is understood to be a little less than £1bn. Outside Western Europe and North America, Iran is one of the biggest markets for UK exports—taking more than South Africa or Japan, for example. Last year UK companies shipped goods worth £750m to Iran and ECGD probably covered exports of around £300m.

ECGD has had its problem countries before—places such as Angola, Zaire and Bangladesh. But none of them posed anywhere near as serious a threat as Iran. Last year, for example, ECGD had to pay out around £50m to British exporters because Turkey ran into severe financial difficulties. By contrast the Iranian market is three times as large as Turkey and in the admittedly unlikely event that Iran reneged on its debts, ECGD would have to shell out some hundreds of millions in compensation over several years. In the worst of all events this could wipe out its total reserves of £300m. Of course, this would not matter too much since the Government would ultimately have to pay it out of the Consolidated Fund.

However, it would make a mockery of ECGD's agreed financial objectives. It is supposed to operate at no net cost to the consolidated fund and provide a reserve against future liabilities. This was initially set at 3 per cent of the amount at risk for the commercial account. ECGD has not been able to meet this target so it has been lowered to 2.25 per cent and even this is beginning to look elusive now.

Further raising of banks' reserve requirements have exerted more pressure. As recently as the middle of last month these problems were still being shrugged off as the Commerzbank share index recovered to around 940, within 3 per cent of the peak reached last October. But last Wednesday the index dipped to below 800 though it steadied towards the end of the week. In a harsher climate there is now a risk that the more severe stance of German monetary policy may affect not only the immediate DM-zone countries such as the Netherlands but also France.

Germany has proportionately more involvement in Iran than most of its trading partners. The power station contracts of the Siemens subsidiary Kraftwerk Union are a spectacular example of German exposure to the country and Siemens shares have gone very much out of favour. The major banks are supposed to be heavily lent in Iran and their shares, too, have been very weak. Germany's traditional dependence on Iran for the bulk of its oil supplies has intensified the market's worries.

The tightening of monetary policy has been another reason for the weakness of bank shares. Interest rate margins have been under pressure—there will presumably be a concerted move quite soon to put lending rates up. In addition the banks are likely to show losses on the enormous bond portfolios they hold this year as interest rates rise reversing some of the capital gains on bonds which have been making useful contributions to profits since 1975.

The Bundesbank's tight money policy gained conviction last week from the announcement of a rise of 1.1 per cent in consumer prices in the month to mid-January. The round of New Year price rises normally makes January a bad month; this year the oil price

Weather

UK TODAY
SOUTHERN areas will be cloudy with rain or sleet which will fall as snow on high ground. Northern areas will be cloudy with occasional sleet or snow. London and Southern England E. Anglia, the Midlands Cloudy with rain or sleet with snow on high ground. Max. 3C (38F). Northern England, N.E. England, Ulster Cloudy with occasional sleet Wind fresh to strong. Max. 3C (37F). E. Scotland, Orkney, Mainly cloudy with isolated snow showers. Win easterly. Max. 3C (37F). W. Scotland, The Highlands Dry with bright intervals. Wind easterly. Max. 4C (39F). Outlook: Mostly dry with night frost but some rain or snow.

Iran

Continued from Page 1
questions that he still recognised the Shah as his commander-in-chief. Asked if he recognised the authority of Khomeini's council to punish him, he said, "I don't know who the Islamic Revolutionary Council is. I don't know why I should be tried and why I should be punished." His remarks were translated from Persian by Khomeini aides. Dr. Ibrahim Yazdi, a senior Khomeini aide, said the General would be tried by an Islamic court on charges of "participating in the murder of people." He did not know what punishment would be asked. The General was asked if he felt his life was in danger from the court. Raising his hands, he said, "I came into this world once and once I will leave it." During the news conference, Yazdi was asked what had happened to Dr. Bakhtiar. He said there was a rumour that the Prime Minister had left the country with top-ranking generals, but that he could not confirm this. He added: "Bazargan is taking over power in the country," referring to Dr. Mehdi Bazargan, head of the "Iranian Provisional Government" appointed by the Ayatollah last Monday. The joy at the headquarters was mixed with worry over continued fighting by forces still loyal to Dr. Bakhtiar, and the prospect of excessive revolutionary zeal by the victors. As the Ayatollah's supporters fired their weapons outside, an aide sighed to reporters, "The situation is really getting out of control. The people are getting over-excited and there is not much anyone can do." He said Khomeini supporters were phoning in to headquarters, reporting how many prisoners they had taken, and asking what to do with them. "We are telling them to take away their arms, kiss their faces and tell them they are going to serve the nation from now on, and not the Shah."

Uranium £90m unit for Cheshire plant

BY DAVID FISLOCK, SCIENCE EDITOR

A SECOND URANIUM-enrichment unit costing £90m will be built at Capelhurst, Cheshire, doubling its enrichment capacity.

It is expected to result in substantial enrichment, contracts from West Germany, some of which will probably be transferred from the U.S. Department of Energy.

The unit will be the second part of a new uranium-enrichment plant using the gas centrifuge process. The project has been approved by the board of British Nuclear Fuels, the State-owned nuclear fuel services company. An announcement to MPs is expected this week.

British Nuclear Fuels is a shareholder in Urenco, the Anglo-German-Dutch enrichment company set up in 1970 to exploit the new gas-centrifuge technology. Urenco has approved a similar investment in its second plant at Almelo, Holland.

Both these extensions of capacity are needed to meet contracts for uranium enrichment worth more than £1bn in the 1980s, mainly from electric power companies in West Germany, Britain and Brazil. The Capelhurst project will create 200 jobs and 200 more in the four years of construction. It still awaits local planning authority approval, but the process itself has been approved by the Health and Safety Executive as virtually free from effluent and emission.

Details of the technology, which is still developing rapidly through a tripartite research and development programme, have not yet been settled for the new factory. But it is expected to include important contributions by all three nations.

The three Governments behind Urenco have approved in principle its plans to build a third enrichment plant in West Germany, about 20 miles from the Almelo site.

When Urenco was originally formed it was considered diplomatically contentious to build a commercial enrichment plant on German soil. So West Germany instead invested in the Almelo site.

But the refusal of Dutch MPs to give approval for Urenco's Brazilian contract, in spite of its endorsement by the Dutch Government, convinced the West German electricity supply industry last year that it could not remain dependent upon a foreign source of enrichment.

The first tranches of enrichment capacity from the German plant at Gronau, however, is not expected to be in operation until well into the 1980s. The first step will be to build a centrifuge assembly line.

Nigeria double tax accord expected

BY DAVID FREUD

A RAPID renegotiation of the double tax agreement between the UK and Nigeria now seems likely after talks held in Lagos last month.

Last June Nigeria said it was revoking its tax agreements with nine countries, including the UK, from April 1, 1979. Also in June, it introduced a 30 per cent levy on all cash remittances by foreign airline and shipping companies, to take effect from the end of the tax agreements. However, it now looks likely that a new agreement between Nigeria and the UK could be ready for signing before, or soon after, the old one runs out.

This means the remittance levy may not be applied to such British companies as British Caledonian, which would have been affected because it sells services within Nigeria yet incurs its main expenses abroad.

The Inland Revenue said "substantial progress" was made at the talks. A final meeting to complete the negotiations is likely to take place within weeks.

The Nigerians are understood to be also negotiating with U.S. officials, and a double tax agreement is likely to be concluded with the U.S. at much the same time as with Britain.

There is likely to be a delay for appraisal of these two treaties before the Nigerians begin negotiations with the other seven countries whose double tax agreements have been revoked. These are Ghana, Sierra Leone, Gambia, New Zealand, Sweden, Denmark and Norway.

Nigeria is the UK's eighth biggest export market, the largest outside Europe and the U.S. The old agreement dates back to 1947 and the Nigerians have said they were revoking it because it was inherited along with the other eight—

German fears

The escalating problems in Iran are casting a steadily lengthening shadow over the German stock markets. And the Bundesbank's lifting of the Lombard rate together with a

increase was included, and the figure compared badly with the previous January's 0.8 per cent. Germany is steering hard for 4 per cent inflation this year.

The yield on 10 year government bonds has now risen to around 7 1/2 per cent from 5 1/2 per cent over nine months, with some acceleration of the rise occurring since the increase in Lombard rate. The Bundesbank has been supporting the market by buying in an average of DM50m of bonds a day, which may prevent panic among bond dealers, but makes it harder for the monetary targets to be achieved.

The rise in interest rates has disturbed the DM foreign bond market, where would-be buyers have suddenly found their paper uncompetitive with the German Government's own bonds. If interest rates stabilise the domestic bond market, offering a substantial real return, will be likely to divert a good deal of institutional money out of the equity market, which will depend on just how strong the German economy turns out to be this year.

The French Bourse, still in a consolidation phase after last year's very sharp rise, has been particularly vulnerable to the most recent turn of events in Iran. With the European Monetary System operating initially to the extent that the mark has been trading in the FF 2.29/30 range virtually since the beginning of the year, and with French inflation holding at around 9 per cent, it now may be very difficult to win some transmission of rising interest rates from Germany.

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